

CITY OF MOUND
MOUND, MINNESOTA

COMPREHENSIVE
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2018

REPORT PREPARED BY
THE CITY OF MOUND FINANCE DEPARTMENT

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City of Mound, Minnesota
 Comprehensive Annual Financial Report
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 For the Year Ended December 31, 2018

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INTRODUCTORY SECTION

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

City of Mound, Minnesota
 Elected and Appointed Officials
 For the Year Ended December 31, 2018

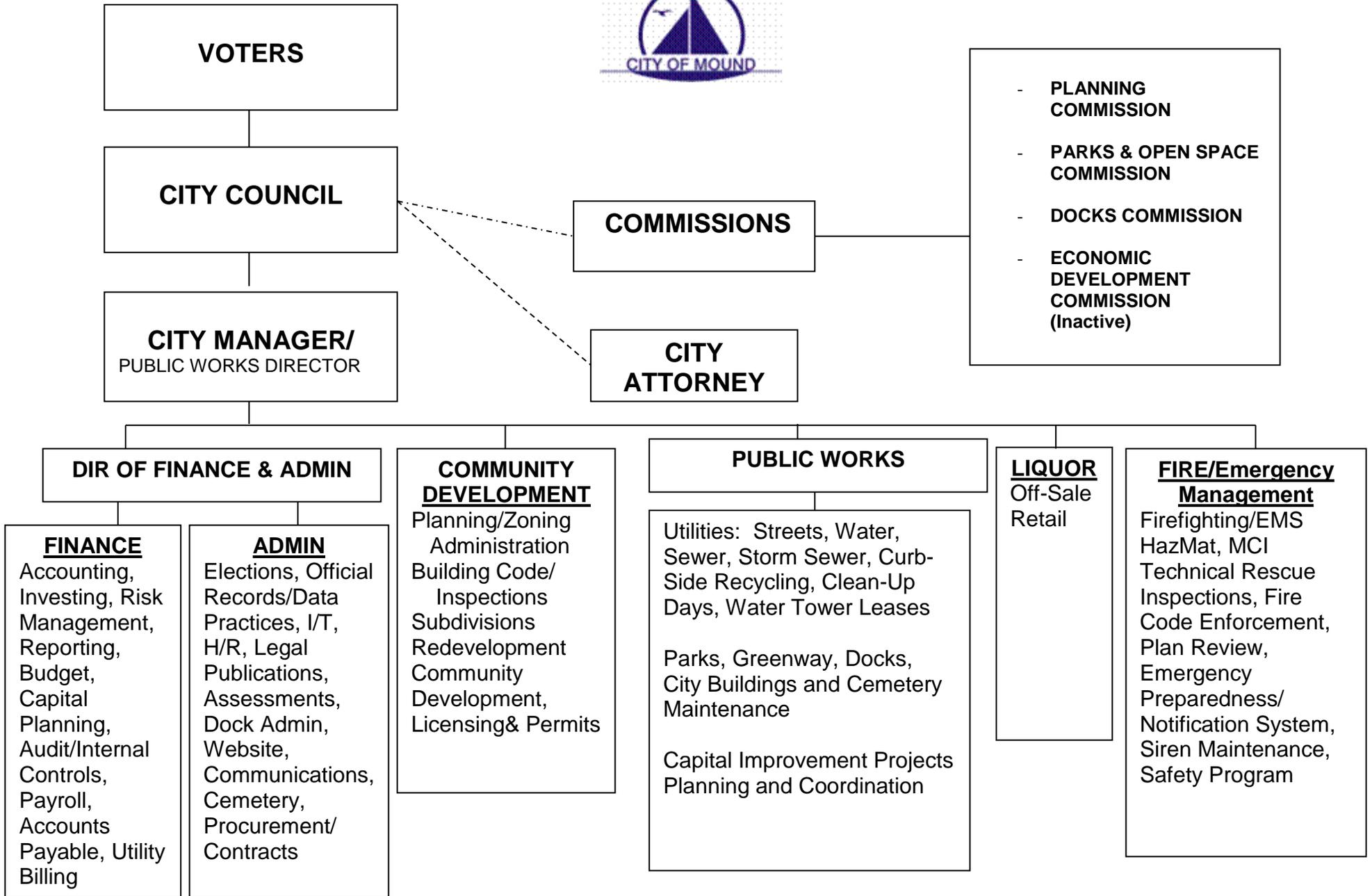
ELECTED

Name	Term Expires	Title
Mark Wegscheid	12/31/18	Mayor
Kelli Gillispie	12/31/18	Council Member
Jennifer Peterson	12/31/18	Council Member
Jeff Bergguist	12/31/20	Council Member
Ray Salazar	12/31/20	Council Member

APPOINTED

Eric Hoversten	City Manager & Director of Public Works
Catherine Pausche	Director of Finance & Administration
Greg Pederson	Fire Chief
Sarah Smith	Community Development/Planner
John Colotti	Liquor Store Manager

CITY OF MOUND - ORGANIZATIONAL CHART



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WEB: www.cityofmound.com

May 21, 2019

**Honorable Mayor and Members of the City Council
City of Mound
Mound, Minnesota 55364**

Mayor and City Council Members:

The Comprehensive Annual Financial Report of the City of Mound for the fiscal year ended December 31, 2018, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designated to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The funds included in our Comprehensive Annual Financial Report are those considered to be within the financial reporting entity of the City of Mound (the primary government) as defined by *Governmental Accounting Standards*. Based on these criteria, all funds of the City are included in this report. However, the Mound Fire Relief Association and Independent School District No. 277 have not met the established criteria for inclusion in the financial reporting entity, and accordingly are excluded from this report.

The City provides its residents and businesses a full range of municipal services consisting of police, fire, public works, parks and general administrative services. The City also operated five enterprises in 2018: a liquor store, water utility, sewer utility, storm sewer utility, and a curb-side recycling service.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designated to complement the MD&A and should be read in conjunction with it. The City of Mound's MD&A can be found immediately following the report of the independent auditors.

ECONOMIC CONDITION AND OUTLOOK

Mound is a suburb located twenty miles west of the Minneapolis central business district. The City covers an area of 4.15 square miles and its population, according to the 2010 Census, is estimated at 9,052. The most dominant feature of the community is the vast shoreline of Lake Minnetonka which creates a number of bays within the City of Mound.

Mound is currently classified as a fully developed community since urban uses occupy more than 90 percent of the total land area. The majority of the tax base in Mound is residential property. This provides the City with a stable tax revenue flow, but not a rapidly expanding tax base. Because less than 10 percent of the land in Mound is currently vacant, redevelopment plays a vital role in the City's future. Redevelopment means going from a lower usage to a higher density or intensity of use. Commercial redevelopment in Mound has followed this pattern in recent years and is expected to do so in the future. Mound has three active TIF districts, the most recent created in 2017 for a 72-unit assisted living/memory care facility that was constructed on a blighted parcel that used to house a florist shop. All projects proposed or underway are only undertaken if they are consistent with the overall land use and economic development goals of the community.

MAJOR INITIATIVES FOR THE YEAR

Major events during 2018 were the following:

- The public works department completed a 15-year street reconstruction program. All streets controlled by the city, including Municipal State Aid (MSA) streets, have been reconstructed. Upgrades are made to the sewer and water utilities as needed in conjunction with the street reconstruction projects. Twenty-one of the City's 30 sanitary sewer lift stations were reconstructed as of 2018.
- An Infrastructure Replacement Reserve Fund and corresponding special levy were implemented in order to plan for the next generation of streets and avoid the need for special assessments in the future. Capital reserve funds were also created for City buildings, parks and open spaces and equipment in order to build reserves and better manage the fluctuations in these types of expenditures.
- The City's Key Financial Strategies, or Long Term Financial Plan, was approved through 2028 that addresses financing the remaining utility improvements and the next generation of streets. The plan calls for deficits in the utility enterprise funds in order to manage utility rate increases in the short-term.
- The City issued 199 building permits for the year at a total value of \$9,829,004, which was a decrease in the total value of improvements from the prior year when very large projects were approved.
- The municipal liquor store revenues were steady at \$3M and an interfund loan related to the 2002 construction financing will be paid off in 2019 at which time the amount of profits transferred for tax relief will increase from \$125K to \$175K.
- The City of Mound completed the 2040 Comprehensive Plan Update, which reimagines the downtown revitalization concepts to adjust to changes in the market conditions. Once the Metropolitan Council approves the plan, implementation activities including amendments to City Code related to zoning, subdivision, etc. will commence.
- A multi-level parking deck and transit center was completed in 2007 in the Transit District which includes 176 spaces including 50 stalls reserved on the upper floor for park and ride use. Several grants contributed to the financing of this project.
- Recycling programs included the annual spring cleanup day in May, as well as leaf dumping offered to residents at a SET compost site in Minnetrista. Bi-weekly, single-sort, curbside recycling is also offered to all residents.
- Continued administration of the storm water utility management plan. Many neighborhood storm water projects have also been initiated to comply with MCWD mandates that are funded by the Storm Water Utility fees.
- Significant infrastructure improvements have been completed in our water utility, including the Chateau Water Tower that was replaced along with a new pumphouse in 2007 and Harrison Bay Watermain Crossing Project that connected the watermain system in the Three Points area to the existing dead-end watermain line across the bay. This update was successful in increasing water volume and pressure to area residents. Another watermain loop was completed in 2017 in the southern "island" area of the City to achieve the same benefits.
- The Fire Department implemented a duty officer program in 2015 to increase efficiency and improve response times.
- The City continued the agreement with the Lake Minnetonka Communication Commission, which provides public, educational and government community programming via cable television and the internet.
- In 2008, the Dakota Rail Regional trail was opened which provides for reuse of the former Dakota Railroad corridor as an "interim" recreational trail from Wayzata to St. Bonifacius, bringing more traffic and exposure to downtown Mound.

- Subdivided parcels provide a main source of growth. Woodlyn Ridge created 11 additional homes, Sulgrove, Anderson Grove, and Surfside Landing subdivisions provide for an additional 3 homes each, and a former mobile home property on 5.9 acres with portions in Mound and Minnetrista will be redeveloped into an active senior living community.
- An independent marketing study was commissioned by the HRA in 2013 to help address the challenges that occur with conventional market studies that do not take into consideration the fact that Lake Minnetonka covers much of our geographical area and area residents are willing to drive farther to get to their destination. The study identified gaps in goods and services that will help to market to and attract potential businesses.
- The City Council approved the Community Development Block Grant (CDBG) and recommended the funding support local senior services, rehab grants for private property, the Westonka Community Action Network and Sojourner of Minnetonka.

MAJOR INITIATIVES FOR THE FUTURE

The 2040 Comp Plan update changed the desired outcomes for downtown redevelopment from vertical mixed-use to horizontal mixed-use in order to reduce the intensity of use and allow for continued public enjoyment of the area. Building off the success of the Villas on Lost Lake townhome development, the Council issued a request for qualifications and interest in a townhome development for the Harbor District (formerly referred to as the Auditor's Road District). The developer who was initially selected has withdrawn, so the Council is considering next steps.

Market values increased in 2015, the first time since 2009, and continue to show strength. The City approved a 1.00% levy reduction for 2017 and a 2.00% levy increase for 2018 and 2019, with the tax rate decreasing to approximately 44%. The City will continue to limit increases in operating expenditures and take advantage of previous cost containment initiatives. Infrastructure improvements have put pressure on utility rates, so the Council approved reductions to the storm water and street light fees for 2018 in order to provide some relief in the form of a 14.5% reduction in the base utility bill. Storm water and street light fees were reduced instead of other utility fees because these services are often funded by levies.

With the completion of the 15-year city-wide street and retaining wall reconstruction program, other Public Works projects will continue and include storm water drainage improvements, inflow/infiltration remediation, sanitary lift station reconstruction, and completion of a wellhead protection plan in accordance with state and federal regulations.

The Met Council Environmental Services (MCES) completed over \$38 million in projects to upgrade their infrastructure in Mound between 2014 and 2019. The timeframe was reduced in response to the record breaking rain events that occurred in the spring of 2014.

DEPARTMENT FOCUS - CURBSIDE RECYCLING

Each year, one department is selected to highlight that department's efforts and accomplishments. This year, the curbside recycling program has been chosen. New developments and challenges continue to characterize the recycling industry, but the need to dispose of waste as economically and environmentally responsibly as possible remains. The City contracts with Republic Services to provide bi-weekly, single-sort, curbside recycling pick-up to all households for a flat rate of \$4.05 per household per month through 2021. Republic Services has put us on notice that the actual costs are dramatically higher now that China is not buying recycled materials at the rate they used to. Hennepin County also approved a new solid waste management plan that will require cities the size of Mound to provide a drop-off for organic materials or an organics curbside program by 2023.

The City of Mound has asked Hennepin County to consider that management of the overall waste stream, including collection, transportation and processing of residential, commercial and municipal waste is beyond the effective reach of small communities and many noteworthy outcome objectives become disproportionately sub-optimized when managed at the local level. For instance, a centralized drop-site for municipal organics such as sweepings and chippings does not exist and Mound pays a premium just to 'unload' it in private sites when perhaps a regional cooperative could support a more state-of-the-art facility and ensure the greatest return-on-investment and outcomes. The City will continue to partner with Hennepin County on brainstorming the most economical and environmentally responsible ways to manage the entire waste stream.

Mound started a recycling service in 1985 with pickup just once a month, in 1988 it expanded to twice a month with containers, and in 1990, to weekly. In September of 2007, the bi-weekly single-sort recycling program with the 64 gallon carts was implemented. Participation has risen from about 30% in 1986 to over 90% in 2018!

RELEVANT FINANCIAL POLICIES

Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits; 2) the valuation of costs and benefits requires estimates and judgments by management. It is our belief that the City's internal accounting controls adequately safeguard the City's assets and also provide reasonable assurance of properly recording financial transactions.

In 2011, the City of Mound adopted a Fund Balance Policy in order to comply with GASB Statement No. 54: Fund Balance Reporting and Governmental Fund Type Definitions. It is the City's general guideline to maintain an unassigned General Fund balance, also referred to as the "minimum fund balance", of not less than 20% of budgeted operating expenditures; however, this need could fluctuate with each year's budget objectives.

The primary financial goal of the City investment policy is to ensure the safety of the principal invested by the City. Cash temporarily idle during the year is invested in certificates of deposit, commercial paper, and obligations of the U.S. Treasury and government agencies. The City only invests in instruments that are authorized under Minnesota Statute 118A. The City of Mound subscribes to the "pooled cash" concept of investing, which means that all funds with cash balances participate in an investment pool. This permits some funds to be overdrawn and other funds to show cash balances while the City has a positive cash balance overall. This pooled cash concept provides for investing greater amounts of money at more favorable rates. Interest earnings are then allocated to the participating funds. The City of Mound earned \$100K in interest revenue in 2018, up from \$40K in 2017 and \$23K in 2016.

Capital financing for major municipal improvements is provided through improvement bonds, general obligation bonds, tax increment bonds, or revenue bonds. Depending on the project, special assessments may be levied upon properties to share in the cost of the improvement project. The special assessments are collected over a period of time and are used to help satisfy the improvement bond debt. The City Council sets the terms and conditions of any inter-fund loans or advances, including the rate of interest to be charged. The City Council approved an inter-fund loan between the General Fund and the Municipal Liquor Store Fund to pay-off the 2001B bonds that were issued to build the new store. Inter-fund loans were also approved between the Dock Fund and General Fund to the TIF 1-3 debt service fund due to the insufficient TIF which resulted from the recession and corresponding delay in redevelopment. Inter-fund loans between the governmental funds and utility funds are contemplated to help finance the remaining utility infrastructure improvements. In addition, year-end adjustments are made to offset negative cash balances in those funds that are overdrawn.

In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general and special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level.

In addition, the City engages in long-term financial planning. The City Council approved a ten-year capital improvement plan which will be reviewed annually on a rolling basis. Projected capital investment for the five-year period 2019 - 2023 exceeds \$6.4 million in improvements. Debt service payments will dramatically decline starting in 2023 and the plan is to maintain the levy and build reserves for the next generation of improvements.

The City of Mound's risk management policy centers around the worker's compensation insurance and its general property and liability coverage provided through the League of Minnesota Cities Insurance Trust (LMCIT). The LMCIT worker's compensation program is a joint self-insurance plan, designed to lower and stabilize cities' workers compensation costs and to assure that cities have a source of coverage available. Each participating City deposits with the LMCIT its worker's compensation deposit premiums for the policy year. The deposit premiums are calculated using standard manual rates with the applicable volume discounts and experience modification factor. From these deposits, LMCIT purchases reinsurance to protect the program from catastrophic and abnormal payment claims. The balance of the deposits and reserves are invested, with the earnings accruing to the benefit of all participants. LMCIT's reserves and rates are reviewed annually by an actuary to help assure that the program remains financially strong.

The City's tax capacity decreased significantly from 2010 to 2014. In order to maintain our policy of 20% unassigned fund balance in the General Fund and to manage increases to the tax rate, the City undertook a series of operational and personnel maneuvers that will have a long-term savings impact, not just one-time. These initiatives included offering a voluntary early retirement incentive plan in 2009 and 2012, a reduction in force in 2010 and 2012, introducing policies on overtime and retrofitting much of our lighting to save on utilities expense, and contracting for services at fixed rates, including policing and utility billing. The average increase to the General Fund levy was 0.04% from 2009 - 2018. The efforts continue and have become part of the culture as we try to reinvent the way government services are provided.

In 2016, the City Council authorized staff to no longer apply for the Government Finance Officer's Association's Certificate of Achievement for Excellence in Financial Reporting award. The City's Comprehensive Annual Financial Report will continue to be prepared in accordance with accounting standards generally accepted in the United States and the City will continue to pay for an independent audit where the auditors express an opinion on the fairness, in all material respects, of the financial position of the government and business-type activities. The goal of the certificate program is not to assess the financial health of participating governments, but rather to ensure that users of their financial statements have the information they need to do so themselves. In recent years, new GASB pronouncements have led to additional costs in order to comply and the City will be weighing those costs with the relevance and value of the resulting information and implement GASB pronouncements selectively as a result, thereby disqualifying it from the certificate program.

INDEPENDENT AUDIT

Minnesota statutes require an annual audit of the City's accounts by the Minnesota Office of the State Auditor or by independent certified public accountants. The auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

The independent certified public accountant will issue a management and compliance letter covering the examination of the City of Mound's system of internal controls and compliance with applicable legal provisions. The management and compliance letter will not modify or affect this report or the financial statements in any way.

ACKNOWLEDGMENTS

The preparation of this report on a timely basis could not have been accomplished without the cooperation of the entire staff of the Finance and Administrative Services Department, the cooperation of the city departments, the support of the City Council and the City Manager, and the assistance of the independent auditors.

Respectfully submitted,



Catherine Pausche
Finance Director/Clerk/Treasurer

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FINANCIAL SECTION
CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Mound, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mound, Minnesota (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprises the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business -Type Activities	Qualified
General Fund	Unmodified
Governmental Fund Debt Service	Unmodified
Governmental Fund Area Fire Service	Unmodified
Governmental Fund Capital Improvements	Unmodified
Enterprise Fund Liquor	Qualified
Enterprise Fund Water	Qualified
Enterprise Fund Sewer	Qualified
Enterprise Fund Recycling	Qualified
Enterprise Fund Storm Water	Qualified
Enterprise Fund HRA - Public Housing	Qualified
Aggregate Remaining Fund Information	Unmodified

Basis for Qualified Opinions

The City has not adopted GASB Statement No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions, and GASB Statement No. 68, Accounting and Financial Reporting for Pensions, for the Public Employee Retirement Association nor the pension amounts related to the Volunteer Fire Department Relief Association, in the governmental activities, business-type activities, and each major proprietary fund and, accordingly, has not shown activity related to this standard. Accounting principles generally accepted in the United States of America require that pension liabilities and balances be shown, which would report deferred outflows of resources, deferred inflows of resources and liabilities or assets, while changing the net position in the applicable statements.

Qualified Opinions

In our opinion, except for the possible effects of the matter described in the “Basis for Qualified Opinions”, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major proprietary fund of the City as of December 31, 2018, and the results of its operations and cash flows for the year ended in conformity with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major governmental fund and the aggregate remaining fund information of the City as of December 31, 2018, and the budgetary comparisons for the General fund and Area Fire Service fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

The prior year comparative information has been derived from the City's 2017 financial statements and, in our report dated May 24, 2018 we express qualified opinions on the respective proprietary fund financial statements.

Required Supplementary Information

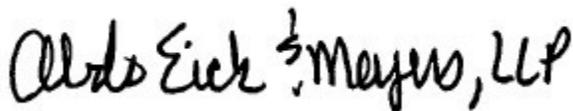
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 23 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, supplementary information, combining and individual fund financial statements and schedules, statistical section and other financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, schedules, and supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and supplementary information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, statistical section and other financial information have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
May 21, 2019

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Management's Discussion and Analysis

As management of the City of Mound, Minnesota, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2018.

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$33,683,443 (net position). Of this amount, \$6,976,818 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$2,685,565. Governmental activities accounted for all of the total increase in net position. This increase was mainly due to revenues from taxes and state grants and contributions more than offsetting the expenses over program revenues related to governmental activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,221,493, an increase of \$3,439,028 in comparison with the prior year increase is attributed to the Debt Service refunding bonds in 2018 to be paid off early in 2019. Approximately 17.4 percent or \$2,648,937, of the total combined ending fund balance is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the General fund was \$3,312,094, or 72.4 percent of total General fund expenditures, some of which has been assigned for specific purposes as noted in the basic financial statements.
- The City's total debt increased \$2,743,000, or 4.6 percent during the current fiscal year as the result of issuing bonds offset by regularly schedule principal payments.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

Figure 1
Required Components of the
City's Annual Financial Report

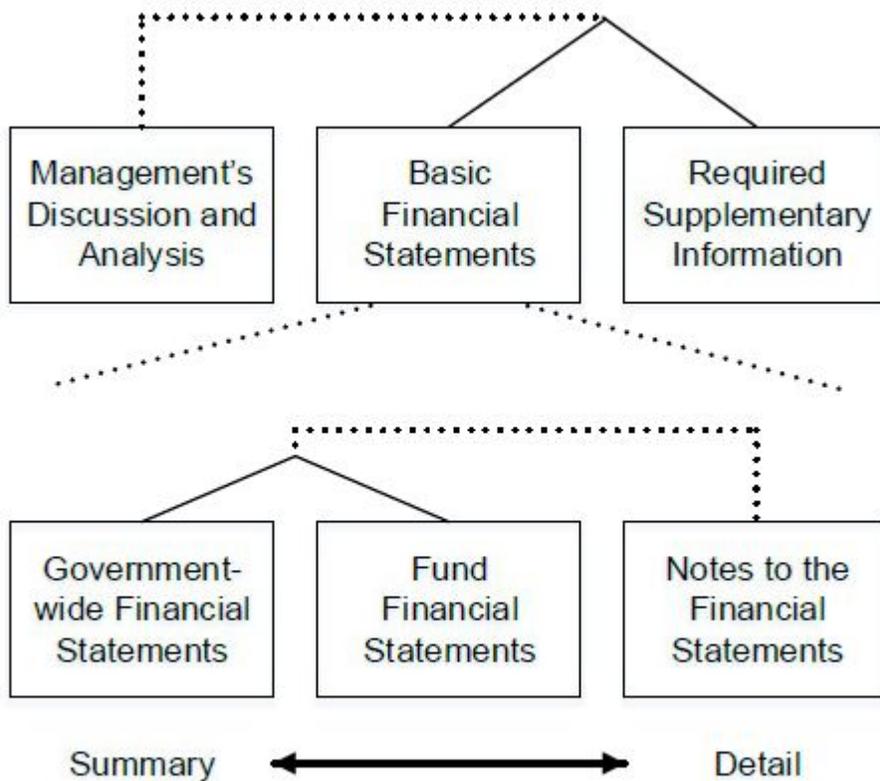


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major Features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City's component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Net Position • Statements of Cash Flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid.
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of in flow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, housing and economic development and interest on long-term debt. The business-type activities of the City include municipal liquor, water, sewer, recycling, storm water and HRA public housing.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Housing and Redevelopment Authority for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself. The Housing and Redevelopment Authority, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements start on page 37 of this report.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds, many of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the Debt Service fund, the Area Fire Service fund and the Capital Improvements fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund and for its special revenue funds. A budgetary comparison statement has been provided for the General fund and Area Service Fund. The budgetary comparison statements for the two other special revenue funds are provided elsewhere in this report to demonstrate compliance with the budget.

The basic governmental fund financial statements start on page 42 of this report.

Proprietary Fund. The City maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its municipal liquor, water, sewer, recycling and storm water. The City does not use *internal service funds*.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 52 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 61 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 86 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets exceeded liabilities by \$33,683,443 at the close of the most recent fiscal year.

The City’s net position in capital assets (62.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Mound’s Summary of Net Position

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Assets						
Current and other assets	\$ 22,787,856	\$ 19,884,165	\$ 2,903,691	\$ 4,207,449	\$ 1,648,828	\$ 2,558,621
Capital assets	36,065,657	36,352,922	(287,265)	37,541,419	36,769,983	771,436
Total Assets	58,853,513	56,237,087	2,616,426	41,748,868	38,418,811	3,330,057
Liabilities						
Long-term liabilities outstanding	29,966,908	29,520,998	445,910	32,583,953	30,252,247	2,331,706
Other liabilities	1,134,879	1,359,668	(224,789)	2,301,021	1,273,167	1,027,854
Total Liabilities	31,101,787	30,880,666	221,121	34,884,974	31,525,414	3,359,560
Deferred Inflows of Resources						
Unavailable revenue - other	932,177	1,251,940	(319,763)	-	-	-
Net Position						
Net investment in capital assets	13,956,997	13,280,560	676,437	7,131,553	6,786,181	345,372
Restricted	5,618,075	4,111,566	1,506,509	-	-	-
Unrestricted	7,244,477	6,712,355	532,122	(267,659)	107,216	(374,875)
Total Net Position	\$ 26,819,549	\$ 24,104,481	\$ 2,715,068	\$ 6,863,894	\$ 6,893,397	\$ (29,503)

An additional portion of the City’s net position (16.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$6,976,818) may be used to meet the City’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in two of three categories of net position.

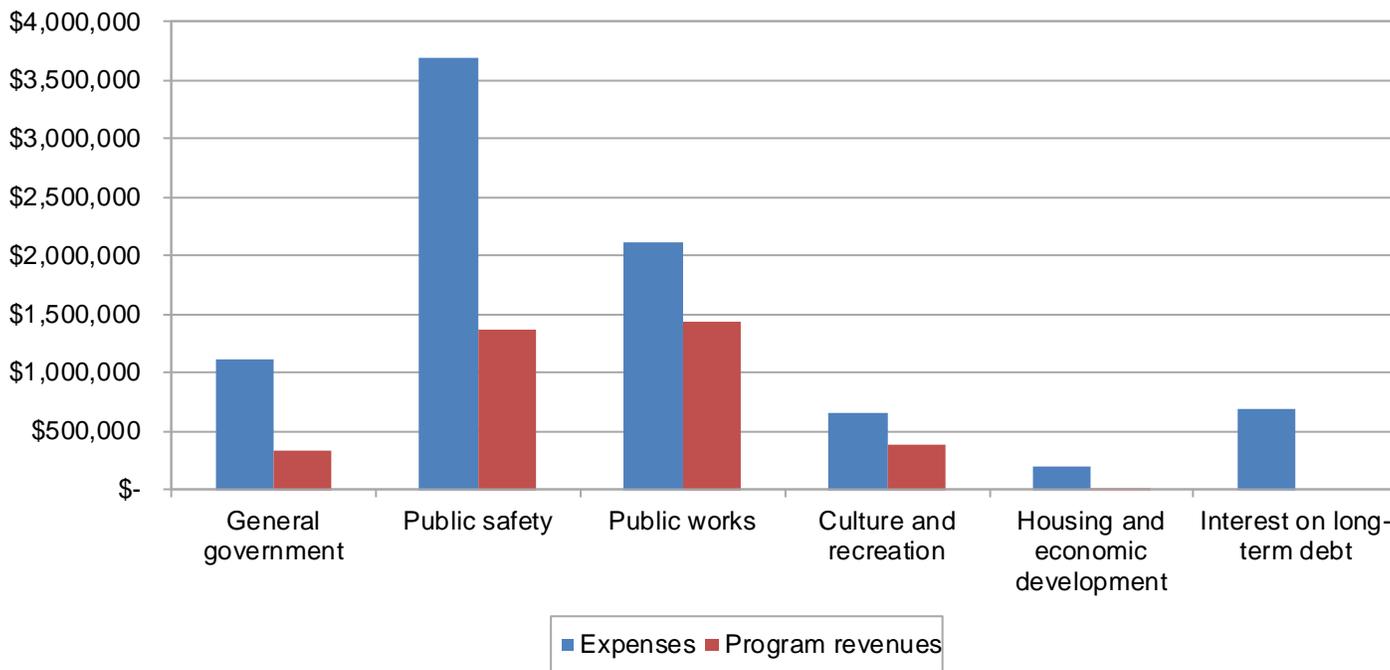
Governmental Activities. Governmental activities' net position increased by \$2,715,068, accounting for 100% percent of the growth in the City's net position. Factors contributing to this change are illustrated below and on the following page.

City of Mound's Changes in Net Position

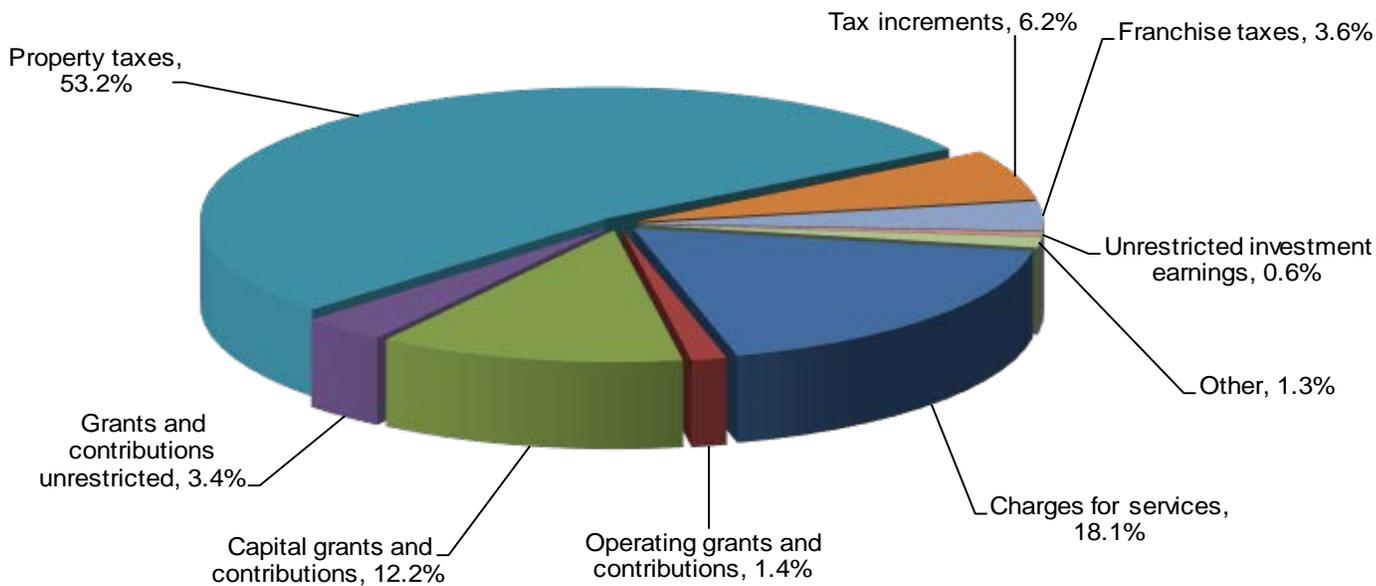
	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 2,013,197	\$ 2,103,508	\$ (90,311)	\$ 7,735,628	\$ 8,258,393	\$ (522,765)
Operating grants and contributions	154,653	148,745	5,908	-	-	-
Capital grants and contributions	1,365,758	2,088,315	(722,557)	25,573	80,358	(54,785)
General revenues						
Property taxes/tax increments	6,638,769	6,510,322	128,447	-	-	-
Franchise taxes	406,501	405,178	1,323	-	-	-
Grants and contributions not restricted to specific programs	383,843	347,390	36,453	-	-	-
Investment earnings	63,111	26,970	36,141	36,823	13,391	23,432
Gain on sale of capital assets	14,045	56,300	(42,255)	-	10,283	(10,283)
Total Revenues	<u>11,039,877</u>	<u>11,686,728</u>	<u>(646,851)</u>	<u>7,798,024</u>	<u>8,362,425</u>	<u>(564,401)</u>
Expenses						
General government	1,105,111	1,168,554	(63,443)	-	-	-
Public safety	3,684,407	3,760,227	(75,820)	-	-	-
Public works	2,113,037	1,743,263	369,774	-	-	-
Culture and recreation	660,464	710,673	(50,209)	-	-	-
Housing and economic development	197,131	829,207	(632,076)	-	-	-
Interest on long-term debt	692,731	882,349	(189,618)	-	-	-
Water	-	-	-	1,950,571	1,926,287	24,284
Sewer	-	-	-	2,247,194	2,096,323	150,871
Municipal liquor	-	-	-	2,907,960	2,923,079	(15,119)
Recycling	-	-	-	199,927	200,399	(472)
Storm water	-	-	-	393,803	393,363	440
Total Expenses	<u>8,452,881</u>	<u>9,094,273</u>	<u>(641,392)</u>	<u>7,699,455</u>	<u>7,539,451</u>	<u>160,004</u>
Increase (Decrease) in Net Position Before Transfers	2,586,996	2,592,455	(5,459)	98,569	822,974	(724,405)
Transfers - Internal Activities	<u>128,072</u>	<u>130,266</u>	<u>(2,194)</u>	<u>(128,072)</u>	<u>(130,266)</u>	<u>2,194</u>
Change in Net Position	2,715,068	2,722,721	(7,653)	(29,503)	692,708	(722,211)
Net Position, January 1	<u>24,104,481</u>	<u>21,381,760</u>	<u>2,722,721</u>	<u>6,893,397</u>	<u>6,200,689</u>	<u>692,708</u>
Net Position, December 31	<u>\$ 26,819,549</u>	<u>\$ 24,104,481</u>	<u>\$ 2,715,068</u>	<u>\$ 6,863,894</u>	<u>\$ 6,893,397</u>	<u>\$ (29,503)</u>

The following graph depicts various governmental activities and shows the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities

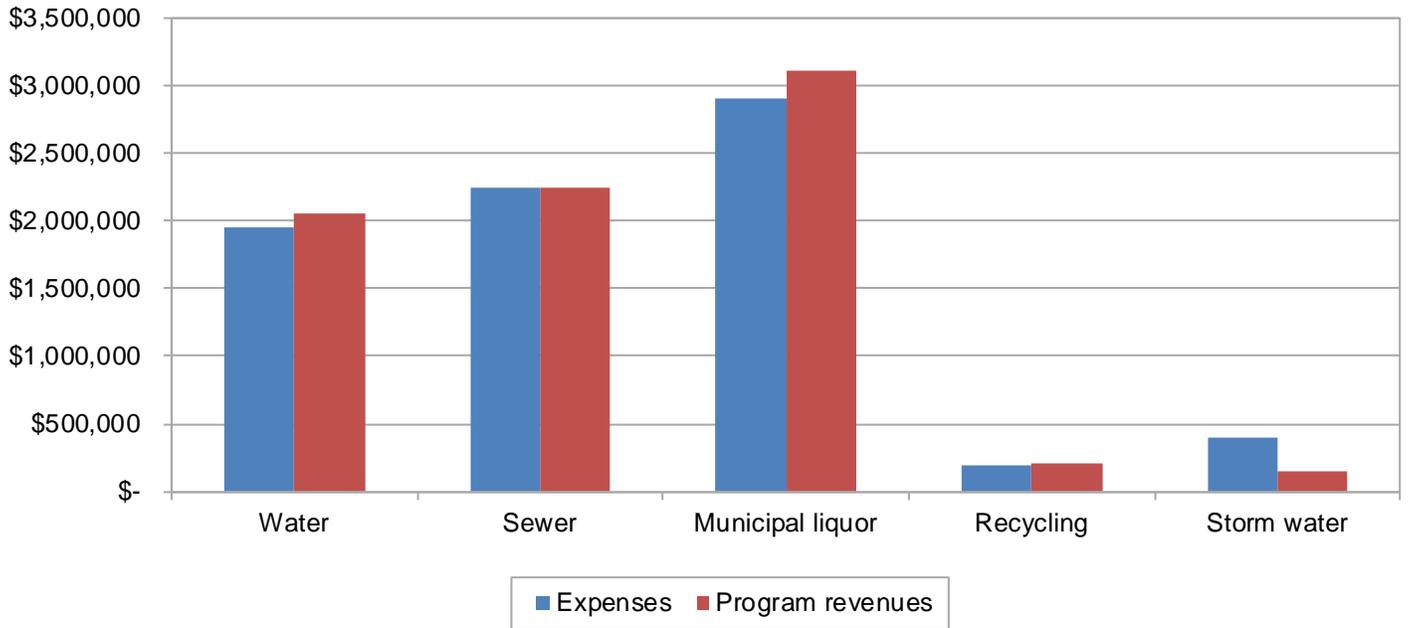


Revenues by Source - Governmental Activities

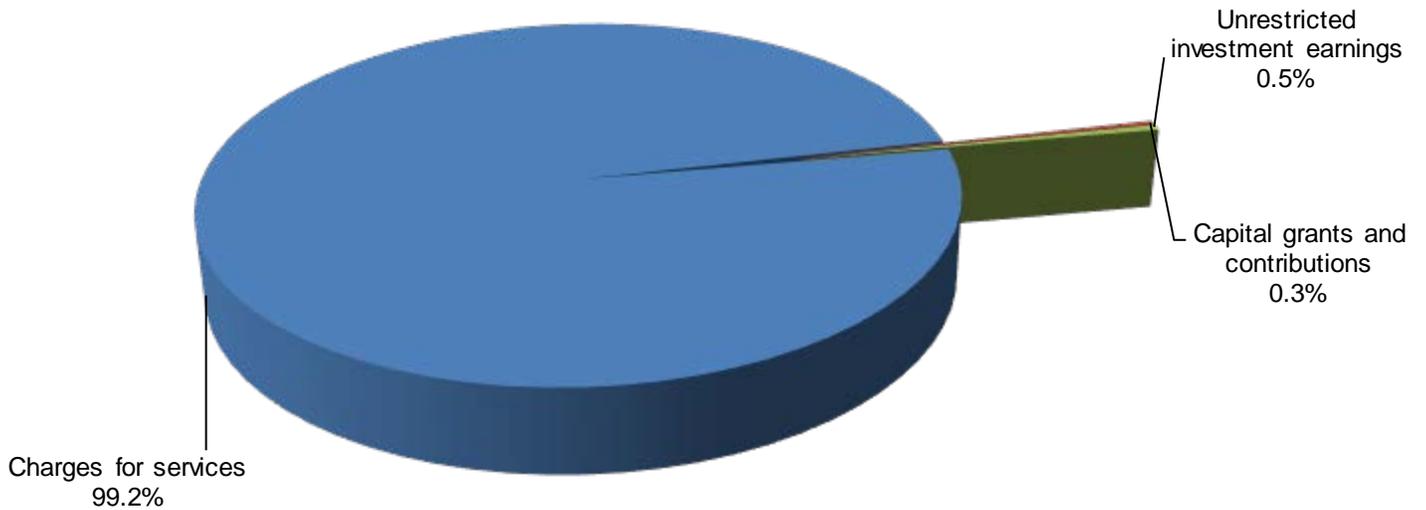


Business-type Activities. Business-type activities' net position decreased by \$29,503 during the year. Factors contributing to this change are illustrated below.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$15,221,493, an increase of \$3,439,028 in comparison with the prior year. Approximately 17.4 percent of this total amount \$2,648,937 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balances \$12,572,556 is not available for new spending because it is either 1) nonspendable (\$107,760), 2) restricted (\$10,230,621), or 3) assigned (\$2,234,175) for the purposes described in the financial statements.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$3,332,113. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 54 percent of fund expenditures and transfers out, while total fund balance represents 64 percent of that same amount.

The fund balance of the City's General fund decreased \$170,895 from prior year. The City had budgeted a \$271,057 decrease of fund balance during the year. The decrease in fund balance is mainly due to budget shortfall offset by positive expenditure variances in all departments.

The Debt Service fund has a total fund balance of \$10,068,573, all of which is restricted for the payment of debt service.

The Area Fire Service fund has an ending fund balance of \$511,540, all of which is assigned for fire services. The increase of \$46,670 from the prior year is the result of grants from governmental agencies and contributions and donations from other entities exceeding expenditures during the year.

The Capital Improvement fund has a total fund balance of \$919,055. A majority of the fund balances is assigned for future capital purchases.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the enterprise funds at the end of the year amounted to a negative balance of \$267,659. The total decrease in net position was \$29,503. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Since 2009, the City continues to respond to changes in the environment, including a diminishing tax base and other revenues. The City's General fund and capital fund levies decreased 3.5% from 2009 to 2018. This was achieved by continuing efforts to streamline operations in order to optimize resources. Employees are doing more with less and minimizing the impact on service levels. In addition, investments in technology are being made and employees are encouraged to challenge the status quo at every level.

The budget called for expenditures exceeding revenues by \$271,057. The General fund actual results resulted in expenditures exceeding revenues by \$170,895. Total revenues had a positive budget variance of \$39,222 while total expenditures had a negative budget variance of \$158,124. The most significant expenditure variance was in general government category, total expenditures were under budget by \$102,234. Within that category, city property had that largest variance at \$28,802 under budget. The most significant revenue variance within the General fund was in interest on investments which was over budget by \$40,062.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2018, amounts to \$73,607,076 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, water and sewer systems, machinery and equipment, park facilities, and roads. The City's investment in capital assets showed an increase of 0.66 percent during the year.

Major capital asset events during the current fiscal year included the following:

The annual street and utility reconstruction program continued, with this year marking the completion of the 15 year street improvement program.

- The City continues to purchase new vehicles and equipment as part of the equipment replacement program.

Additional information on the City's capital assets can be found in Note 3B starting on page 71 of this report.

City of Mound's Capital Assets (Net of Depreciation)

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
Land	\$ 198,365	\$ 198,365	\$ -	\$ 488,685	\$ 488,685	\$ -
Construction in Progress	3,142,617	2,465,228	677,389	4,379,112	3,602,950	776,162
Buildings	8,335,847	8,585,152	(249,305)	869,593	904,906	(35,313)
Improvements other than Buildings	690,355	782,321	(91,966)	-	-	-
Equipment	1,804,382	1,747,892	56,490	626,030	673,822	(47,792)
Infrastructure	21,894,091	22,573,964	(679,873)	31,177,999	31,099,620	78,379
Total	\$ 36,065,657	\$ 36,352,922	\$ (287,265)	\$ 37,541,419	\$ 36,769,983	\$ 771,436

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$62,232,000.

City of Mound's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2018	2017	Increase (Decrease)	2018	2017	Increase (Decrease)
General Obligation Revenue Bonds	\$ -	\$ -	\$ -	\$ 32,476,340	\$ 30,157,638	\$ 2,318,702
G.O. Tax Increment Bonds	7,647,000	6,259,000	1,388,000	-	-	-
G.O. Improvement Bonds	22,108,660	23,072,362	(963,702)	-	-	-
Total	<u>\$ 29,755,660</u>	<u>\$ 29,331,362</u>	<u>\$ 424,298</u>	<u>\$ 32,476,340</u>	<u>\$ 30,157,638</u>	<u>\$ 2,318,702</u>

The City's total debt increased \$2,743,000 (4.61 percent) during the current fiscal year. Major factors to the change in debt are:

- The City made regularly scheduled debt service and interest payments of approximately \$5 million during the year.
- The City did issue refunding bonds in 2018 in the Debt service fund in the amount of \$7,520,000.

The City received an "AA" rating from Standard and Poor's for the bonds issued in 2018.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3D starting on page 75 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the local area was 2.1 percent in December 2018, which is a decrease from a rate of 2.4 percent in December 2017. This compares favorably to the State's average unemployment rate of 3.2 percent and the national average rate of 3.7 percent.
- Tax Capacity increased by 5 percent in 2018; but is still 18% lower than 2009. Based on current information, the City expects tax capacity to increase by 10 percent in 2019. This will mark the fifth straight year tax capacity has seen an increase since the annual declines in tax capacity each year from 2010 to 2014.
- Inflationary trends in the region compare favorably to national indices. The City is watching the increases in the cost of fuel, construction, and materials in order to make the appropriate budget and capital improvement plan adjustments.
- For the past several years the environment for the City to implement a more active investment portfolio remained weak. However, with interest rates on the rise, the City began investing in Brokered Certificates of Deposit in early 2016 and using a sweep checking account in 2018. Interest income increased by 60% from 2017 totaling \$99,893 in 2018.

All of these factors were considered in preparing the City's budget for the 2019 fiscal year.

The City began receiving Local Government Aid from the State of Minnesota in 2014, the first time since it ended in 2003. With the assistance of Local Government Aid returning and other cost savings measures, the City Council has kept the overall levy relatively flat with an average levy increase of 1.06% between 2011 and 2019.

The 2019 budgeted General fund expenditures increased \$114,115 or 2.6 percent from 2018. Budgeted capital expenditures increased by \$68,347 and law enforcement expense increased \$43,585. Other increases in operating expenditures are moderate in part due to contracts for police services, prosecution services, and utility billing services which were negotiated at fixed rates with known escalators, providing stability for major portions of our budget. Non-union staff also voluntarily agreed to concessions in severance and other benefits to reduce the overall liability of the City. Reorganizations implemented since 2008 have resulted in the reduction of eight full-time employees, or 24 percent, excluding the contract for police services. The collective bargaining agreement with the Public Works union for 2017 - 2018 was approved and the increases were within the budget assumptions. Fiscal discipline is now part of the culture and will continue to be at the forefront of decision making and strategy building.

Utility rates have been on the rise since the early 2000's in order to fund the investments in infrastructure made to increase the capacity, efficiency and quality of our utility services. While water system improvements will diminish now that the street improvements are complete, there are still 10 of 30 lift stations left to upgrade as well our continued effort to reduce inflow and infiltration in our sanitary sewer system. The City will continue to balance rate increases with some use of fund balances in the short-term in order to continue infrastructure improvements while decreasing dependence on debt.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance and Administration, City of Mound, 2415 Wilshire Boulevard, Mound, Minnesota 55364.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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City of Mound, Minnesota
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and temporary investments	\$ 16,529,419	\$ 2,120,438	\$ 18,649,857
Receivables			
Accounts	119,174	1,320,857	1,440,031
Taxes	127,378	-	127,378
Interest	27,101	-	27,101
Special assessments	4,006,314	359,746	4,366,060
Internal balances	55,700	(55,700)	-
Due from other governments	162,691	45,182	207,873
Inventory	-	342,655	342,655
Prepaid items	7,084	74,271	81,355
Land held for resale	1,752,995	-	1,752,995
Capital assets			
Land and construction in progress	3,340,982	4,867,797	8,208,779
Depreciable, net of accumulated depreciation	32,724,675	32,673,622	65,398,297
Total Assets	<u>58,853,513</u>	<u>41,748,868</u>	<u>100,602,381</u>
Liabilities			
Accounts payable	410,701	287,277	697,978
Accrued salaries payable	85,131	34,245	119,376
Due to other governments	167,861	1,642,494	1,810,355
Deposits payable	145,395	-	145,395
Accrued interest payable	325,791	337,005	662,796
Noncurrent liabilities			
Due within one year	7,764,771	6,358,546	14,123,317
Due in more than one year	22,202,137	26,225,407	48,427,544
Total Liabilities	<u>31,101,787</u>	<u>34,884,974</u>	<u>65,986,761</u>
Deferred Inflows of Resources			
Unavailable revenue - state aid received for subsequent years	932,177	-	932,177
Net Position			
Net investment in capital assets	13,956,997	7,131,553	21,088,550
Restricted for			
Debt service	5,456,027	-	5,456,027
Culture and recreation	162,048	-	162,048
Unrestricted	7,244,477	(267,659)	6,976,818
Total Net Position	<u>\$ 26,819,549</u>	<u>\$ 6,863,894</u>	<u>\$ 33,683,443</u>

The notes to the financial statements are an integral part of this statement.

City of Mound, Minnesota
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General government	\$ 1,105,111	\$ 327,565	\$ -	\$ -
Public safety	3,684,407	1,238,004	131,359	-
Public works	2,113,037	58,320	23,294	1,361,132
Culture and recreation	660,464	389,308	-	-
Housing and economic development	197,131	-	-	4,626
Interest on long-term debt	692,731	-	-	-
Total Governmental Activities	<u>8,452,881</u>	<u>2,013,197</u>	<u>154,653</u>	<u>1,365,758</u>
Business-type Activities				
Water	1,950,571	2,049,587	-	-
Sewer	2,247,194	2,245,261	-	-
Municipal liquor	2,907,960	3,106,187	-	-
Recycling	199,927	179,468	-	25,573
Storm water	393,803	155,125	-	-
Total Business-type Activities	<u>7,699,455</u>	<u>7,735,628</u>	<u>-</u>	<u>25,573</u>
Total	<u>\$ 16,152,336</u>	<u>\$ 9,748,825</u>	<u>\$ 154,653</u>	<u>\$ 1,391,331</u>

General Revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Franchise taxes

State grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers - Internal Activities

Total General Revenues and Transfers

Change in Net Position

Net Position, January 1

Net Position, December 31

The notes to the financial statements are an integral part of this statement.

Net Revenues (Expenses)
and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (777,546)	\$ -	\$ (777,546)
(2,315,044)	-	(2,315,044)
(670,291)	-	(670,291)
(271,156)	-	(271,156)
(192,505)	-	(192,505)
(692,731)	-	(692,731)
<u>(4,919,273)</u>	<u>-</u>	<u>(4,919,273)</u>
-	99,016	99,016
-	(1,933)	(1,933)
-	198,227	198,227
-	5,114	5,114
-	(238,678)	(238,678)
<u>-</u>	<u>61,746</u>	<u>61,746</u>
<u>(4,919,273)</u>	<u>61,746</u>	<u>(4,857,527)</u>
4,127,305	-	4,127,305
1,819,592	-	1,819,592
691,872	-	691,872
406,501	-	406,501
383,843	-	383,843
63,111	36,823	99,934
14,045	-	14,045
128,072	(128,072)	-
<u>7,634,341</u>	<u>(91,249)</u>	<u>7,543,092</u>
2,715,068	(29,503)	2,685,565
<u>24,104,481</u>	<u>6,893,397</u>	<u>30,997,878</u>
<u>\$ 26,819,549</u>	<u>\$ 6,863,894</u>	<u>\$ 33,683,443</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

City of Mound, Minnesota
Balance Sheet
Governmental Funds
December 31, 2018

	General	Debt Service	222 Area Fire Service
Assets			
Cash and temporary investments	\$ 3,478,489	\$ 10,016,764	\$ 557,502
Receivables			
Accounts	119,174	-	-
Taxes	127,174	204	-
Interest	27,101	-	-
Special assessments	90,602	3,369,197	-
Due from other governments	1,790	-	-
Due from other funds	55,700	98,079	-
Prepaid items	-	-	-
	<u>\$ 3,900,030</u>	<u>\$ 13,484,244</u>	<u>\$ 557,502</u>
Liabilities			
Accounts payable	\$ 102,725	\$ -	\$ 15,090
Accrued salaries payable	54,259	-	30,872
Due to other governments	3,157	35,043	-
Deposits payable	242,433	-	-
Due to other funds	-	20,383	-
Total Liabilities	<u>402,574</u>	<u>55,426</u>	<u>45,962</u>
Deferred Inflows of Resources			
Unavailable revenue - property taxes	75,014	-	-
Unavailable revenue - special assessments	90,329	3,360,245	-
Unavailable revenue - state aid received for subsequent years	-	-	-
Total Deferred Inflows of Resources	<u>165,343</u>	<u>3,360,245</u>	<u>-</u>
Fund Balances			
Nonspendable for			
Prepaid items	-	-	-
Restricted for			
Debt service	-	10,068,573	-
Culture and recreation	20,019	-	-
Assigned to			
Severance pay	211,248	-	-
Budget deficit	303,659	-	-
Public safety	-	-	511,540
Capital improvements	-	-	-
Unassigned	2,797,187	-	-
Total Fund Balances	<u>3,332,113</u>	<u>10,068,573</u>	<u>511,540</u>
	<u>\$ 3,900,030</u>	<u>\$ 13,484,244</u>	<u>\$ 557,502</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances			
	<u>\$ 3,900,030</u>	<u>\$ 13,484,244</u>	<u>\$ 557,502</u>

The notes to the financial statements are an integral part of this statement.

401 Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 1,809,706	\$ 666,958	\$ 16,529,419
-	-	119,174
-	-	127,378
-	-	27,101
538,381	8,134	4,006,314
160,901	-	162,691
42,414	-	196,193
<u>100,676</u>	<u>7,084</u>	<u>107,760</u>
<u><u>\$ 2,652,078</u></u>	<u><u>\$ 682,176</u></u>	<u><u>\$ 21,276,030</u></u>
\$ 132,804	\$ 159,570	\$ 410,189
-	-	85,131
129,661	-	167,861
-	4,150	246,583
-	120,110	140,493
<u>262,465</u>	<u>283,830</u>	<u>1,050,257</u>
-	-	75,014
538,381	8,134	3,997,089
932,177	-	932,177
<u>1,470,558</u>	<u>8,134</u>	<u>5,004,280</u>
100,676	7,084	107,760
-	-	10,068,573
-	142,029	162,048
-	-	211,248
-	-	303,659
-	-	511,540
818,379	389,349	1,207,728
-	(148,250)	2,648,937
<u>919,055</u>	<u>390,212</u>	<u>15,221,493</u>
<u><u>\$ 2,652,078</u></u>	<u><u>\$ 682,176</u></u>	<u><u>\$ 21,276,030</u></u>

The notes to the financial statements are an integral part of this statement.

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City of Mound, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2018

Amounts reported for the governmental activities within the statement of net position are different because

Total Fund Balances - Governmental Funds	\$ 15,221,493
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.</p>	
Land held for resale	1,752,995
Cost of capital assets	49,169,048
Less: accumulated depreciation	(13,103,391)
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.</p>	
<p>Long-term liabilities at year-end consist of</p>	
Bond principal payable	(29,755,660)
Compensated absences payable	(211,248)
<p>Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.</p>	
Delinquent taxes receivable	75,014
Special assessments receivable	3,997,089
<p>Governmental funds do not report a liability for accrued interest until due and payable.</p>	
	(325,791)
Total Net Position - Governmental Activities	\$ 26,819,549

The notes to the financial statements are an integral part of this statement.

City of Mound, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Debt Service	222 Area Fire Service
Revenues			
Taxes	\$ 3,645,507	\$ 2,511,464	\$ 253,013
Licenses and permits	240,500	-	-
Intergovernmental	444,114	-	131,088
Charges for services	413,964	-	569,607
Fines and forfeitures	36,771	-	-
Special assessments	14,725	876,565	-
Interest on investments	48,062	-	10,095
Miscellaneous	79,392	282,940	19,079
Total Revenues	<u>4,923,035</u>	<u>3,670,969</u>	<u>982,882</u>
Expenditures			
Current			
General government	1,084,064	-	-
Public safety	2,213,022	-	1,210,349
Public works	768,186	-	-
Culture and recreation	487,726	-	-
Housing and economic development	-	40,447	-
Capital outlay			
General government	-	-	-
Public safety	-	-	60,834
Public works	-	-	-
Culture and recreation	22,844	-	-
Housing and economic development	-	-	-
Debt service			
Principal	-	2,855,702	45,000
Interest and other	-	877,471	14,050
Total Expenditures	<u>4,575,842</u>	<u>3,773,620</u>	<u>1,330,233</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>347,193</u>	<u>(102,651)</u>	<u>(347,351)</u>
Other Financing Sources (Uses)			
Transfers in	128,072	348,573	393,976
Bonds issued	-	3,325,000	-
Premium on bonds issued	-	168,063	-
Sale of capital assets	-	-	45
Transfers out	(646,160)	-	-
Total Other Financing Sources (Uses)	<u>(518,088)</u>	<u>3,841,636</u>	<u>394,021</u>
Net Change in Fund Balances	(170,895)	3,738,985	46,670
Fund Balances, January 1	<u>3,503,008</u>	<u>6,329,588</u>	<u>464,870</u>
Fund Balances, December 31	<u>\$ 3,332,113</u>	<u>\$ 10,068,573</u>	<u>\$ 511,540</u>

The notes to the financial statements are an integral part of this statement.

401 Capital Improvements	Other Governmental Funds	Total Governmental Funds
\$ 220,000	\$ 391,607	\$ 7,021,591
-	358,915	599,415
309,876	51,214	936,292
-	-	983,571
-	-	36,771
100,180	18,534	1,010,004
-	4,954	63,111
-	15,178	396,589
<u>630,056</u>	<u>840,402</u>	<u>11,047,344</u>
-	-	1,084,064
-	-	3,423,371
185	-	768,371
-	101,357	589,083
-	42,212	82,659
-	47,965	47,965
-	-	60,834
704,370	509,263	1,213,633
-	89,317	112,161
-	69,132	69,132
-	-	2,900,702
-	-	891,521
<u>704,555</u>	<u>859,246</u>	<u>11,243,496</u>
<u>(74,499)</u>	<u>(18,844)</u>	<u>(196,152)</u>
294,373	470,113	1,635,107
-	-	3,325,000
-	-	168,063
-	14,000	14,045
-	(860,875)	(1,507,035)
<u>294,373</u>	<u>(376,762)</u>	<u>3,635,180</u>
219,874	(395,606)	3,439,028
<u>699,181</u>	<u>785,818</u>	<u>11,782,465</u>
<u>\$ 919,055</u>	<u>\$ 390,212</u>	<u>\$ 15,221,493</u>

The notes to the financial statements are an integral part of this statement.

City of Mound, Minnesota
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2018

Amounts reported for governmental activities in the statement of activities are different because

Total Net Change in Fund Balances - Governmental Funds	\$ 3,439,028
<p>Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>	
Capital outlays	1,141,356
Depreciation expense	(1,428,621)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.</p>	
Principal repayments	2,900,702
Debt issued or incurred	(3,325,000)
<p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	30,727
<p>Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.</p>	
Special assessments	(42,042)
Property taxes	20,530
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	<u>(21,612)</u>
Change in Net Position - Governmental Activities	<u><u>\$ 2,715,068</u></u>

The notes to the financial statements are an integral part of this statement.

City of Mound, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 4,015,504	\$ 3,673,851	\$ 3,645,507	\$ (28,344)
Licenses and permits	235,750	235,750	240,500	4,750
Intergovernmental	443,846	443,846	444,114	268
Charges for services	375,366	375,366	413,964	38,598
Fines and forfeitures	42,000	42,000	36,771	(5,229)
Special assessments	10,000	10,000	14,725	4,725
Interest on investments	8,000	8,000	48,062	40,062
Miscellaneous	95,000	95,000	79,392	(15,608)
Total Revenues	<u>5,225,466</u>	<u>4,883,813</u>	<u>4,923,035</u>	<u>39,222</u>
Expenditures				
Current				
General government	1,186,298	1,186,298	1,084,064	102,234
Public safety	2,255,405	2,255,405	2,213,022	42,383
Public works	774,699	774,699	768,186	6,513
Culture and recreation	492,564	492,564	487,726	4,838
Capital outlay				
Culture and recreation	85,000	25,000	22,844	2,156
Total Expenditures	<u>4,793,966</u>	<u>4,733,966</u>	<u>4,575,842</u>	<u>158,124</u>
Excess of Revenues Over Expenditures	<u>431,500</u>	<u>149,847</u>	<u>347,193</u>	<u>197,346</u>
Other Financing Sources (Uses)				
Transfers in	128,072	128,072	128,072	-
Transfers out	(548,976)	(548,976)	(646,160)	(97,184)
Total Other Financing Sources (Uses)	<u>(420,904)</u>	<u>(420,904)</u>	<u>(518,088)</u>	<u>(97,184)</u>
Net Change in Fund Balances	10,596	(271,057)	(170,895)	100,162
Fund Balances, January 1	<u>3,503,008</u>	<u>3,503,008</u>	<u>3,503,008</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 3,513,604</u>	<u>\$ 3,231,951</u>	<u>\$ 3,332,113</u>	<u>\$ 100,162</u>

The notes to the financial statements are an integral part of this statement.

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City of Mound, Minnesota
Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
Area Fire Service Special Revenue Fund
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 253,013	\$ 253,013	\$ 253,013	\$ -
Intergovernmental	111,760	111,760	131,088	19,328
Charges for services	568,581	568,581	569,607	1,026
Interest on investments	-	-	10,095	10,095
Miscellaneous	-	-	19,079	19,079
Total Revenues	<u>933,354</u>	<u>933,354</u>	<u>982,882</u>	<u>49,528</u>
Expenditures				
Current				
Public safety				
Personnel services	687,946	687,946	667,410	20,536
Supplies	52,220	52,220	69,835	(17,615)
Other services and charges	464,640	464,640	473,104	(8,464)
Capital outlay	74,300	74,300	60,834	13,466
Debt service				
Principal	145,000	145,000	45,000	100,000
Interest and other	15,625	15,625	14,050	1,575
Total Expenditures	<u>1,439,731</u>	<u>1,439,731</u>	<u>1,330,233</u>	<u>109,498</u>
Deficiency of Revenues Under Expenditures	<u>(506,377)</u>	<u>(506,377)</u>	<u>(347,351)</u>	<u>159,026</u>
Other Financing Sources				
Transfers in	393,976	393,976	393,976	-
Sale of capital assets	-	-	45	45
Total Other Financing Sources	<u>393,976</u>	<u>393,976</u>	<u>394,021</u>	<u>45</u>
Net Change in Fund Balances	(112,401)	(112,401)	46,670	159,071
Fund Balances, January 1	<u>464,870</u>	<u>464,870</u>	<u>464,870</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 352,469</u>	<u>\$ 352,469</u>	<u>\$ 511,540</u>	<u>\$ 159,071</u>

The notes to the financial statements are an integral part of this statement.

City of Mound, Minnesota
Statements of Net Position (Continued on the Following Pages)
Proprietary Funds
December 31, 2018 and 2017

	Business-type Activities - Enterprise Funds			
	609		601	
	Municipal Liquor		Water	
	2018	2017	2018	2017
Assets				
Current Assets				
Cash and temporary investments	\$ 344,588	\$ 294,008	\$ 1,445,373	\$ -
Receivables				
Accounts	-	-	568,661	546,865
Special assessments	-	-	359,746	357,377
Due from other governments	-	-	30,712	34,315
Due from other funds	-	-	244,230	-
Inventory	336,883	392,059	5,772	7,622
Prepaid items	-	-	-	-
Total Current Assets	681,471	686,067	2,654,494	946,179
Noncurrent Assets				
Capital assets, at cost	1,429,305	1,429,305	27,726,509	26,436,355
Less: Accumulated depreciation	(584,366)	(547,374)	(8,169,348)	(7,363,161)
Net Capital Assets	844,939	881,931	19,557,161	19,073,194
Total Assets	1,526,410	1,567,998	22,211,655	20,019,373
Liabilities				
Current Liabilities				
Accounts payable	12,221	45,809	29,276	45,819
Accrued salaries payable	13,425	17,026	10,328	11,709
Due to other governments	30,520	28,653	1,428,660	622,378
Due to other funds	55,700	44,418	-	327,654
Accrued interest payable	-	-	190,882	201,410
Current portion of compensated absences payable	26,948	22,760	18,806	17,003
Current portion of bonds payable	-	-	3,857,753	1,046,964
Total Current Liabilities	138,814	158,666	5,535,705	2,272,937
Noncurrent Liabilities				
Advance from other funds	-	100,673	-	-
Compensated absences payable	17,965	15,173	12,537	11,335
Bonds payable	-	-	14,717,537	15,904,190
Total Noncurrent Liabilities	17,965	115,846	14,730,074	15,915,525
Total Liabilities	156,779	274,512	20,265,779	18,188,462
Net Position				
Net investment in capital assets	844,939	881,931	2,606,007	2,122,040
Unrestricted	524,692	411,555	(660,131)	(291,129)
Total Net Position	\$ 1,369,631	\$ 1,293,486	\$ 1,945,876	\$ 1,830,911

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

602		670		675		Totals	
Sewer		Nonmajor Recycling		Storm Water			
2018	2017	2018	2017	2018	2017	2018	2017
\$ -	\$ -	\$ 182,738	\$ 173,535	\$ 147,739	\$ 14,549	\$ 2,120,438	\$ 482,092
664,681	647,148	53,568	54,116	33,947	91,894	1,320,857	1,340,023
-	-	-	-	-	-	359,746	357,377
9,110	10,179	-	-	5,360	5,989	45,182	50,483
-	-	-	-	-	-	244,230	-
-	-	-	-	-	-	342,655	399,681
74,271	69,793	-	-	-	-	74,271	69,793
<u>748,062</u>	<u>727,120</u>	<u>236,306</u>	<u>227,651</u>	<u>187,046</u>	<u>112,432</u>	<u>4,507,379</u>	<u>2,699,449</u>
20,027,505	18,988,385	-	-	6,830,306	6,689,779	56,013,625	53,543,824
(7,898,385)	(7,265,912)	-	-	(1,820,107)	(1,597,394)	(18,472,206)	(16,773,841)
<u>12,129,120</u>	<u>11,722,473</u>	<u>-</u>	<u>-</u>	<u>5,010,199</u>	<u>5,092,385</u>	<u>37,541,419</u>	<u>36,769,983</u>
<u>12,877,182</u>	<u>12,449,593</u>	<u>236,306</u>	<u>227,651</u>	<u>5,197,245</u>	<u>5,204,817</u>	<u>42,048,798</u>	<u>39,469,432</u>
222,947	40,064	14,495	14,495	8,338	17,759	287,277	163,946
10,328	11,709	164	-	-	-	34,245	40,444
124,747	47,951	-	-	58,567	14,215	1,642,494	713,197
244,230	577,876	-	-	-	-	299,930	949,948
96,601	101,615	-	-	49,522	52,555	337,005	355,580
18,806	17,003	8	-	-	-	64,568	56,766
1,639,348	544,960	-	-	796,877	284,374	6,293,978	1,876,298
<u>2,357,007</u>	<u>1,341,178</u>	<u>14,667</u>	<u>14,495</u>	<u>913,304</u>	<u>368,903</u>	<u>8,959,497</u>	<u>4,156,179</u>
-	-	-	-	-	-	-	100,673
12,537	11,335	6	-	-	-	43,045	37,843
7,631,920	8,229,418	-	-	3,832,905	4,147,732	26,182,362	28,281,340
<u>7,644,457</u>	<u>8,240,753</u>	<u>6</u>	<u>-</u>	<u>3,832,905</u>	<u>4,147,732</u>	<u>26,225,407</u>	<u>28,419,856</u>
<u>10,001,464</u>	<u>9,581,931</u>	<u>14,673</u>	<u>14,495</u>	<u>4,746,209</u>	<u>4,516,635</u>	<u>35,184,904</u>	<u>32,576,035</u>
2,924,234	2,948,095	-	-	756,373	660,279	7,131,553	6,612,345
(48,516)	(80,433)	221,633	213,156	(305,337)	27,903	(267,659)	281,052
<u>\$ 2,875,718</u>	<u>\$ 2,867,662</u>	<u>\$ 221,633</u>	<u>\$ 213,156</u>	<u>\$ 451,036</u>	<u>\$ 688,182</u>	<u>\$ 6,863,894</u>	<u>\$ 6,893,397</u>

The notes to the financial statements are an integral part of this statement.

City of Mound, Minnesota
Statements of Revenues, Expenses and
Changes in Net Position (Continued on the Following Pages)
Proprietary Funds
For the Years Ended December 31, 2018 and 2017

	Business-type Activities - Enterprise Funds			
	609		601	
	Municipal Liquor		Water	
	2018	2017	2018	2017
Operating Revenues				
Sales	\$ 3,092,958	\$ 3,158,884	\$ -	\$ -
Cost of sales	(2,295,344)	(2,329,113)	-	-
Gross Profit	797,614	829,771	-	-
Charges for services	-	-	2,012,670	2,076,849
Penalties	-	-	36,917	43,365
Total Operating Revenues	797,614	829,771	2,049,587	2,120,214
Operating Expenses				
Personnel services	349,280	333,589	284,118	241,344
Supplies	17,947	13,088	122,226	75,528
Professional services	41,381	39,573	96,592	105,113
Communications	23,903	29,440	11,777	13,859
Insurance	17,645	27,267	13,108	10,500
Utilities	24,032	22,513	42,325	49,683
Repairs and maintenance	4,847	14,691	15,424	25,612
Rent	16,458	7,271	-	-
Other contractual services	18,117	7,173	178,905	139,127
Metropolitan Council Environmental Services disposal charges	-	-	-	-
Depreciation	36,992	36,991	806,187	760,538
Miscellaneous	62,014	62,370	12,128	13,783
Total Operating Expenses	612,616	593,966	1,582,790	1,435,087
Operating Income (Loss)	184,998	235,805	466,797	685,127
Nonoperating Revenues (Expenses)				
Intergovernmental	-	-	-	-
Interest on investments	5,990	1,595	15,949	6,861
Miscellaneous	13,229	900	-	837
Interest and other	-	-	(367,781)	(491,200)
Gain on sale of capital assets	-	-	-	-
Total Nonoperating Revenues (Expenses)	19,219	2,495	(351,832)	(483,502)
Income (Loss) Before Transfers and Contributions	204,217	238,300	114,965	201,625
Capital Contributions	-	-	-	34,315
Transfers Out	(128,072)	(130,266)	-	-
Change in Net Position Before Special Item	76,145	108,034	114,965	235,940
Net Position, January 1	1,293,486	1,185,452	1,830,911	1,594,971
Net Position, December 31	\$ 1,369,631	\$ 1,293,486	\$ 1,945,876	\$ 1,830,911

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

602		670		675		Totals	
Sewer		Nonmajor Recycling		Storm Water			
2018	2017	2018	2017	2018	2017	2018	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,092,958	\$ 3,158,884
-	-	-	-	-	-	(2,295,344)	(2,329,113)
-	-	-	-	-	-	797,614	829,771
2,207,571	2,273,537	175,947	176,956	152,421	462,116	4,548,609	4,989,458
37,690	47,716	3,521	4,386	2,704	11,125	80,832	106,592
<u>2,245,261</u>	<u>2,321,253</u>	<u>179,468</u>	<u>181,342</u>	<u>155,125</u>	<u>473,241</u>	<u>5,427,055</u>	<u>5,925,821</u>
284,218	244,386	3,854	4,054	-	58	921,470	823,431
46,740	44,813	-	-	629	10	187,542	133,439
68,242	83,224	-	-	-	-	206,215	227,910
12,283	13,985	-	-	-	-	47,963	57,284
13,166	24,470	-	-	-	-	43,919	62,237
42,164	41,018	-	-	-	-	108,521	113,214
58,692	17,856	-	-	135	-	79,098	58,159
-	-	-	-	-	-	16,458	7,271
44,316	24,558	196,073	196,345	64,031	57,346	501,442	424,549
837,514	727,821	-	-	-	-	837,514	727,821
632,473	619,277	-	-	222,715	207,515	1,698,367	1,624,321
6,939	6,102	-	-	986	-	82,067	82,255
<u>2,046,747</u>	<u>1,847,510</u>	<u>199,927</u>	<u>200,399</u>	<u>288,496</u>	<u>264,929</u>	<u>4,730,576</u>	<u>4,341,891</u>
198,514	473,743	(20,459)	(19,057)	(133,371)	208,312	696,479	1,583,930
-	-	-	29,875	-	-	-	29,875
9,989	3,635	3,363	601	1,532	699	36,823	13,391
-	1,722	-	-	-	-	13,229	3,459
(200,447)	(248,813)	-	-	(105,307)	(128,434)	(673,535)	(868,447)
-	10,283	-	-	-	-	-	10,283
<u>(190,458)</u>	<u>(233,173)</u>	<u>3,363</u>	<u>30,476</u>	<u>(103,775)</u>	<u>(127,735)</u>	<u>(623,483)</u>	<u>(811,439)</u>
8,056	240,570	(17,096)	11,419	(237,146)	80,577	72,996	772,491
-	10,179	25,573	-	-	5,989	25,573	50,483
-	-	-	-	-	-	(128,072)	(130,266)
8,056	250,749	8,477	11,419	(237,146)	86,566	(29,503)	692,708
<u>2,867,662</u>	<u>2,616,913</u>	<u>213,156</u>	<u>201,737</u>	<u>688,182</u>	<u>601,616</u>	<u>6,893,397</u>	<u>6,200,689</u>
<u>\$ 2,875,718</u>	<u>\$ 2,867,662</u>	<u>\$ 221,633</u>	<u>\$ 213,156</u>	<u>\$ 451,036</u>	<u>\$ 688,182</u>	<u>\$ 6,863,894</u>	<u>\$ 6,893,397</u>

The notes to the financial statements are an integral part of this statement.

City of Mound, Minnesota
Statements of Cash Flows (Continued on the Following Pages)
Proprietary Funds
For the Years Ended December 31, 2018 and 2017

	Business-type Activities - Enterprise Funds			
	609		601	
	Municipal Liquor		Water	
	2018	2017	2018	2017
Cash Flows from Operating Activities				
Receipts from customers and users	\$ 3,092,958	\$ 3,158,884	\$ 2,029,025	\$ 2,074,542
Other operating receipts	13,229	900	-	-
Payments to suppliers	(2,498,233)	(2,562,931)	(588,151)	(435,951)
Payments to employees	(345,901)	(324,885)	(282,494)	(235,272)
Net Cash Provided (Used) by Operating Activities	<u>262,053</u>	<u>271,968</u>	<u>1,158,380</u>	<u>1,403,319</u>
Cash Flows from Noncapital Financing Activities				
Receipt of due from other funds	-	-	(244,230)	-
Receipt (Payment) of due to other funds	(89,391)	(87,196)	(327,654)	327,654
Transfers out	(128,072)	(130,266)	-	-
Intergovernmental revenue received	-	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(217,463)</u>	<u>(217,462)</u>	<u>(571,884)</u>	<u>327,654</u>
Cash Flows from Capital Financing Activities				
Acquisition of capital assets	-	-	(402,899)	(1,499,612)
Proceeds from sale of capital assets	-	-	-	-
Interest paid on revenue bonds	-	-	(378,309)	(498,916)
Proceeds of bonds issued	-	-	2,671,100	-
Proceeds from capital grants	-	-	-	34,315
Principal paid on revenue bonds	-	-	(1,046,964)	(2,034,918)
Net Cash Provided (Used) by Capital Financing Activities	<u>-</u>	<u>-</u>	<u>842,928</u>	<u>(3,999,131)</u>
Cash Flows from Investing Activities				
Interest received on investments	<u>5,990</u>	<u>1,595</u>	<u>15,949</u>	<u>6,861</u>
Net Increase (Decrease) in Cash and Cash Equivalents	50,580	56,101	1,445,373	(2,261,297)
Cash and Cash Equivalents, January 1	<u>294,008</u>	<u>237,907</u>	<u>-</u>	<u>2,261,297</u>
Cash and Cash Equivalents, December 31	<u>\$ 344,588</u>	<u>\$ 294,008</u>	<u>\$ 1,445,373</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

602		670		675		Totals	
Sewer		Nonmajor Recycling		Storm Water			
2018	2017	2018	2017	2018	2017	2018	2017
\$ 2,228,797	\$ 2,266,725	\$ 180,016	\$ 183,458	\$ 213,701	\$ 532,775	\$ 7,744,497	\$ 8,216,384
-	-	-	-	-	-	13,229	900
(938,507)	(982,630)	(196,073)	(194,842)	(65,285)	(27,470)	(4,286,249)	(4,203,824)
(282,594)	(238,314)	(3,676)	(4,264)	-	(451)	(914,665)	(803,186)
<u>1,007,696</u>	<u>1,045,781</u>	<u>(19,733)</u>	<u>(15,648)</u>	<u>148,416</u>	<u>504,854</u>	<u>2,556,812</u>	<u>3,210,274</u>
-	-	-	-	-	-	(244,230)	-
(333,646)	577,876	-	-	-	-	(750,691)	818,334
-	-	-	-	-	-	(128,072)	(130,266)
-	-	-	29,875	-	-	-	29,875
<u>(333,646)</u>	<u>577,876</u>	<u>-</u>	<u>29,875</u>	<u>-</u>	<u>-</u>	<u>(1,122,993)</u>	<u>717,943</u>
(975,468)	(1,545,293)	-	-	(106,094)	(477,094)	(1,484,461)	(3,521,999)
-	10,283	-	-	-	-	-	10,283
(205,461)	(256,413)	-	-	(108,340)	(131,919)	(692,110)	(887,248)
1,041,850	-	-	-	482,050	-	4,195,000	-
-	10,179	25,573	-	-	5,989	25,573	50,483
(544,960)	(1,292,765)	-	-	(284,374)	(637,276)	(1,876,298)	(3,964,959)
<u>(684,039)</u>	<u>(3,074,009)</u>	<u>25,573</u>	<u>-</u>	<u>(16,758)</u>	<u>(1,240,300)</u>	<u>167,704</u>	<u>(8,313,440)</u>
9,989	3,635	3,363	601	1,532	699	36,823	13,391
-	(1,446,717)	9,203	14,828	133,190	(734,747)	1,638,346	(4,371,832)
-	1,446,717	173,535	158,707	14,549	749,296	482,092	4,853,924
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 182,738</u>	<u>\$ 173,535</u>	<u>\$ 147,739</u>	<u>\$ 14,549</u>	<u>\$ 2,120,438</u>	<u>\$ 482,092</u>

The notes to the financial statements are an integral part of this statement.

City of Mound, Minnesota
Statements of Cash Flows (Continued)
Proprietary Funds
For the Years Ended December 31, 2018 and 2017

	Business-type Activities - Enterprise Funds			
	609		601	
	Municipal Liquor		Water	
	2018	2017	2018	2017
Reconciliation to Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 184,998	\$ 235,805	\$ 466,797	\$ 685,127
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	13,229	900	-	837
Depreciation expense	36,992	36,991	806,187	760,538
(Increase) decrease in assets				
Accounts receivable	-	-	(21,796)	(11,695)
Due from other governments	-	-	3,603	(34,315)
Special assessments receivable	-	-	(2,369)	(499)
Inventory	55,176	(1,707)	1,850	(1,396)
Prepaid items	-	679	-	-
Increase (decrease) in liabilities				
Accounts payable	(33,588)	(6,657)	(16,543)	(1,438)
Accrued salaries payable	(3,601)	6,026	(1,381)	4,305
Due to other governments	1,867	(2,747)	(80,973)	88
Compensated absences payable	6,980	2,678	3,005	1,767
Net Cash Provided (Used) by Operating Activities	<u>\$ 262,053</u>	<u>\$ 271,968</u>	<u>\$ 1,158,380</u>	<u>\$ 1,403,319</u>
Noncash Capital and Related Financing Activities				
Acquisition of capital assets on account	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 887,255</u>	<u>\$ 621,990</u>

The notes to the financial statements are an integral part of this statement.

Business-type Activities - Enterprise Funds

602		670		675		Totals	
Sewer		Nonmajor Recycling		Storm Water			
2018	2017	2018	2017	2018	2017	2018	2017
\$ 198,514	\$ 473,743	\$ (20,459)	\$ (19,057)	\$ (133,371)	\$ 208,312	\$ 696,479	\$ 1,583,930
-	1,722	-	-	-	-	13,229	3,459
632,473	619,277	-	-	222,715	207,515	1,698,367	1,624,321
(17,533)	(46,071)	548	2,116	57,947	65,523	19,166	9,873
1,069	(10,179)	-	-	629	(5,989)	5,301	(50,483)
-	-	-	-	-	-	(2,369)	(499)
-	-	-	-	-	-	57,026	(3,103)
(4,478)	(9,141)	-	-	-	-	(4,478)	(8,462)
182,883	11,883	-	1,503	(9,421)	15,671	123,331	20,962
(1,381)	4,305	164	(123)	-	(393)	(6,199)	14,120
13,144	(1,525)	-	-	9,917	14,215	(56,045)	10,031
3,005	1,767	14	(87)	-	-	13,004	6,125
<u>\$ 1,007,696</u>	<u>\$ 1,045,781</u>	<u>\$ (19,733)</u>	<u>\$ (15,648)</u>	<u>\$ 148,416</u>	<u>\$ 504,854</u>	<u>\$ 2,556,812</u>	<u>\$ 3,210,274</u>
<u>\$ 63,652</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,435</u>	<u>\$ -</u>	<u>\$ 985,342</u>	<u>\$ 621,990</u>

The notes to the financial statements are an integral part of this statement.

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City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Mound, Minnesota (the City), operates under the "Plan B" form of government as defined in the State of Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Blended component units, although legally separate entities are in substance, part of the City's operations and so data from these units are combined with data of the primary government. The enterprise fund of the blended component unit has a December 31 year end.

Blended Component Unit. The Housing and Redevelopment Authority (HRA) serves all the citizens of the City and are governed by City appointed Board of Directors.

The HRA was created by the City to carry out certain redevelopment projects. The five-member Board of Directors is appointed by the City Council and currently is comprised of the members of the City Council. The City Council reviews and approves HRA tax levies, and the City provides major community development financing for HRA activities. Debt issued for HRA activities are City general obligations. The HRA consists of two separate operations. The general operations are reported as blended special revenue and debt service funds. Separate financial statements are not issued.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the activities of the City and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the City is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Note 1: Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *Area Fire Service fund* accounts for the contracted services provided by the City's fire department. The resources in the fund include taxes, which are levied, charges for services provided by the cities who contract for fire services and intergovernmental aid from the State.

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *Capital Improvement fund* accounts for the City's major improvement projects.

The City reports the following major proprietary funds:

The *Municipal Liquor fund* accounts for costs associated with the City's municipal off - sale liquor operations. When net income exists, it will be used for the annual seal-coating of City streets.

The *Water fund* accounts for costs associated with the City's water system and insure that user charges are sufficient to pay for those costs.

The *Sewer fund* accounts for the costs associated with the City's sewer system and insure that user charges are sufficient to pay for those costs.

The *Storm Water fund* accounts for the costs associated with the City's storm water system, which are financed by the storm water surcharge, and insure that user charges are sufficient to pay for those costs.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed Investment Contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's recurring fair value measurements are listed in detail on page 70 and are valued using quoted market prices (Level 1 inputs).

- Brokered certificates of deposits totaling \$4,409,653 are valued using a matrix pricing model (Level 2 inputs).

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

The Minnesota Municipal Money Market Fund is regulated by Minnesota statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC) that follows the regulatory rules of the SEC. In accordance with GASB Statement No. 79, the City's investment in this pool is valued at amortized cost, which approximates fair value. There are no restrictions or limitations on withdrawals from the 4M Liquid Asset Fund. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn. Seven days' notice of redemption is required for withdrawals of investments in the 4M Term Series withdrawn prior to the maturity date of that series. A penalty could be assessed as necessary to recoup the Series for any charges, losses, and other costs attributable to the early redemption. Financial statements of the 4M Fund can be obtained by contracting RBC Global Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Property Taxes

The City Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the fund financial statements.

Account Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2018. The City annually certifies delinquent utility accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivable upon certification to the County. Governmental special assessments have been offset by a deferred inflow of resources for special assessments not received within 60 days after year end in the governmental fund financial statements.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Certain advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

Land Held for Resale

The City acquires properties for redevelopment purposes. These properties are reported at their net realizable value in the financial statements. Any costs incurred that are above a property's net realizable value are reported as expenditures of the current period.

Inventories

For proprietary funds, inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Inventories are recorded as an expense when sold or consumed rather than when purchased.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items of the City are accounted for using the consumption method.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include items dating back to June 30, 1980. The City was able to estimate the historical cost for the initial reporting of these assets through back trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Furniture and Fixtures	5 - 15
Buildings	50 - 100
Equipment	5 - 10
Leasehold Improvements	10 - 20
Infrastructure	20 - 60

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Sick pay benefits are paid by the City according to the following schedule:

Years of Service	Non-Union	Public Works Union
5	41 %	53 %
10	46	59
15	52	66
20	57	73
25+	62	80

All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In the case of a liability being recorded in the governmental funds, the liability would be liquidated from the General fund.

Note 1: Summary of Significant Accounting Policies (Continued)

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. The recognition of bond premiums and discounts are amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and intergovernmental. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund Balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. Assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Manager.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 20 percent of budgeted operating expenditures for cash-flow timing needs.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and liabilities. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Comparative Data/Reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year’s presentation.

Note 2: Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General fund and the Area Fire Service, Dock and HRA special revenue funds. All annual appropriations lapse at fiscal year-end. The City does not use encumbrance accounting.

On or before July 1 of each year, all departments of the City submit requests for appropriations to the City Manager so that a budget may be prepared. Before September 30th, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in December.

The appropriated budget is prepared by fund, function and department. The City’s department heads, with the approval of the City Manager, may make transfers of appropriations within or between departments. The legal level of budgetary control is the fund level. Budgeted amounts are as originally adopted by the General fund, Area Fire Services fund, Dock fund and HRA fund, or as amended by the City Council. The General fund was amended during the year mainly moving budgeted tax levies to capital funds.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2018, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
HRA	\$ 43,200	\$ 60,314	\$ 17,114

The excess was funded by revenues greater than anticipated.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 2: Stewardship, Compliance and Accountability (Continued)

C. Deficit Fund Balances

The following funds had deficit fund balances at December 31, 2018:

Fund	Amount
Nonmajor	
HRA	\$ 80,720
TIF 1-3	66,354
Total	\$ 147,074

The City plans to fund these deficits with future revenues from tax increment and transfers from other funds.

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds, with the exception of irrevocable standby letters of credit issued by Federal Home Loan Banks as this type of collateral only requires collateral pledged equal to 100 percent of the deposits not covered by insurance or bonds.

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any Federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$12,471,454 and the bank balance was \$12,464,341. Of the bank balance, \$250,000 was covered by federal depository insurance and collateral pledged in the City's name. A portion of the balance (\$135,886) was not sufficiently covered by either federal depository insurance or collateral held in the City's name.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

As of December 31, 2018, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name:

Investment Type	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Investments not Subject to Categorization						
Broker money markets						
4M Fund	N/A	Less than 6 months	\$ 268,534	\$ -	\$ -	\$ -
Wells Fargo	N/A	Less than 6 months	1,497,866	-	-	-
Brokered Certificates of Deposit	N/A	Less than 6 months	4,409,653	-	4,409,653	-
Total Investments			<u>\$ 6,176,053</u>	<u>\$ -</u>	<u>\$ 4,409,653</u>	<u>\$ -</u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

A reconciliation of cash and investments as reported on the statement of net position follows:

Deposits	\$ 12,471,454
Investments	6,176,053
Cash on Hand	<u>2,350</u>
Total - as Reported on the Statement of Net Position	<u>\$ 18,649,857</u>

The investments of the City are subject to the following risks:

- **Credit Risk.** Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes and the City's investment policy limit the City's investments to the list on page 64 of the notes.
- **Custodial Credit Risk.** The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. In accordance with the City's investment policy, the investment officer shall structure all investments, deposits and repurchase agreements so that the custodial risk is categorized as either insured or register, or securities held by the City or its agent in the City's name or uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name. All investments are placed in safekeeping at financial institutions.
- **Concentration of Credit Risk.** Is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with the City's investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer or a specific class of securities. The maturities selected shall provide for stability of income and reasonable liquidity.
- **Interest Rate Risk.** Is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than five years.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

B. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets, not Being Depreciated				
Land	\$ 198,365	\$ -	\$ -	\$ 198,365
Construction in progress	2,465,228	699,035	-	3,142,617
Total Capital Assets, not Being Depreciated	<u>2,663,593</u>	<u>699,035</u>	<u>-</u>	<u>3,340,982</u>
Capital Assets Being Depreciated				
Buildings	11,901,307	47,965	-	11,949,272
Improvements other than buildings	1,864,116	51,205	-	1,915,321
Equipment	4,464,671	364,797	(60,925)	4,768,543
Infrastructure	<u>27,194,930</u>	<u>-</u>	<u>-</u>	<u>27,194,930</u>
Total Capital Assets Being Depreciated	<u>45,425,024</u>	<u>463,967</u>	<u>(60,925)</u>	<u>45,828,066</u>
Less Accumulated Depreciation for				
Buildings	(3,316,155)	(297,270)	-	(3,613,425)
Improvements other than buildings	(1,081,795)	(143,171)	-	(1,224,966)
Equipment	(2,716,779)	(308,307)	60,925	(2,964,161)
Infrastructure	<u>(4,620,966)</u>	<u>(679,873)</u>	<u>-</u>	<u>(5,300,839)</u>
Total Accumulated Depreciation	<u>(11,735,695)</u>	<u>(1,428,621)</u>	<u>60,925</u>	<u>(13,103,391)</u>
Total Capital Assets Being Depreciated, Net	<u>33,689,329</u>	<u>(964,654)</u>	<u>-</u>	<u>32,724,675</u>
Governmental Activities Capital Assets, Net	<u>\$ 36,352,922</u>	<u>\$ (265,619)</u>	<u>\$ -</u>	<u>\$ 36,065,657</u>

Depreciation expense was charged to functions/programs of the governmental activities as follows:

Governmental Activities	
General government	\$ 13,420
Public safety	266,935
Public works	1,018,165
Culture and recreation	84,761
Housing and economic development	<u>45,340</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,428,621</u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2018 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets, not Being Depreciated				
Land	\$ 488,685	\$ -	\$ -	\$ 488,685
Construction in progress	3,602,950	2,355,039	(1,578,877)	4,379,112
Total Capital Assets, not Being Depreciated	<u>4,091,635</u>	<u>2,355,039</u>	<u>(1,578,877)</u>	<u>4,867,797</u>
Capital Assets Being Depreciated				
Buildings	1,412,519	-	-	1,412,519
Equipment	1,525,341	61,505	-	1,586,846
Infrastructure	46,514,327	1,632,136	-	48,146,463
Total Capital Assets Being Depreciated	<u>49,452,187</u>	<u>1,693,641</u>	<u>-</u>	<u>51,145,828</u>
Less Accumulated Depreciation for				
Buildings	(507,613)	(35,313)	-	(542,926)
Equipment	(851,519)	(109,297)	-	(960,816)
Infrastructure	(15,414,707)	(1,553,757)	-	(16,968,464)
Total Accumulated Depreciation	<u>(16,773,839)</u>	<u>(1,698,367)</u>	<u>-</u>	<u>(18,472,206)</u>
Total Capital Assets Being Depreciated, Net	<u>32,678,348</u>	<u>(4,726)</u>	<u>-</u>	<u>32,673,622</u>
Business-type Activities Capital Assets, Net	<u>\$ 36,769,983</u>	<u>\$ 2,350,313</u>	<u>\$ (1,578,877)</u>	<u>\$ 37,541,419</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type Activities	
Water	\$ 806,187
Sewer	632,473
Storm water	222,715
Municipal liquor	<u>36,992</u>
Total Depreciation Expense - Business-type Activities	<u>\$ 1,698,367</u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

C. Construction Commitments

The City had the following outstanding construction commitments at December 31, 2018:

Project	Spent to Date	Remaining Commitment
2018 Street Improvement Project	\$ 1,299,545	\$ 1,046,953
2018 Sewer Manhole Rehabilitation	139,748	22,850
2017 Street Improvement Project	4,409,698	346,774
Wilshire Blvd. Utility Improvement Project	1,147,007	136,928
Total	\$ 6,995,998	\$ 1,553,505

Interfund Receivables, Payables and Transfers

The composition of internal balances as of December 31, 2018 is as follows:

Receivable Fund	Payable Fund	Total
<i>Due to/from other Funds</i>		
Nonmajor governmental	HRA	\$ 77,696
Debt service	Debt service	20,383
Water	Sewer	244,230
Capital Improvements	Nonmajor governmental	42,414
Subtotal Interfund Balances		384,723
<i>Advances between Funds</i>		
General	Liquor	55,700
Interfund activity eliminated from government-wide statements		(384,723)
Total Internal Balances - Government-wide Statements		\$ 55,700

Due to/from other Funds

- The Capital Improvements and Debt Service lent funds to other funds of the City to eliminate deficit cash balances at year end.
- The General fund advanced funds to the Liquor fund as an interfund loan.
- The Water fund lent funds to the Sewer fund to eliminate deficit cash.
- The HRA lent funds to a nonmajor governmental fund to eliminate deficit cash.

Advances between Funds

The General fund lent funds to the Municipal Liquor fund to pay off bonds outstanding. The loan is being paid back over 16 years with a 1.25 percent interest rate. The final payment is due February 1, 2019. This amount is the long-term portion of the loan.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

The composition of interfund transfers for the year ended December 31, 2018 is as follows:

Fund	Transfer In					Total
	General	Capital Improvements	Debt Service	Area Fire Service	Nonmajor	
Transfer Out						
General	\$ -	\$ -	\$ -	\$ 393,976	\$ 252,184	646,160
Nonmajor governmental	-	294,373	348,573	-	217,929	860,875
Municipal Liquor	128,072	-	-	-	-	128,072
Total	\$ 128,072	\$ 294,373	\$ 348,573	\$ 393,976	\$ 470,113	\$ 1,635,107

- The General fund transferred \$155,000 to the nonmajor Street Maintenance fund for future projects, \$393,976 to the Area Fire Service fund for costs incurred for the Fire Department, and \$97,184 to create Community Investment fund.
- The Municipal Liquor fund transferred \$128,072 to the General fund as interest paid on the interfund loan issued in 2011 (\$3,072), as well as its portion of profits in order to reduce the tax levy (\$125,000).
- The nonmajor Docks fund transferred \$348,573 to the Debt Service fund to pay off a loan and
- Nonmajor Municipal State Aid transferred \$294,373 to Capital Improvements and \$217,929 to the Seal Coat nonmajor fund. The transfers were to close the Municipal State Aid fund.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

D. Long-term Debt

General Obligation Bonds.

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds are reported in the proprietary funds if they are expected to be paid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund an issue of general obligation bonds.

General Obligation (Improvement) Bonds

The following bonds were issued to finance various improvements and will be repaid from tax levies and special assessment collections. All improvement bonds are backed by the full faith and credit of the City. Each year, the tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2009A	\$ 3,940,000	2.50 - 4.00 %	06/04/09	02/01/25	\$ 1,960,000
G.O. Refunding Bonds of 2011A	3,975,000	0.60 - 3.35	08/01/11	02/01/24	1,328,660
G.O. Improvement Bonds of 2011B	3,475,000	3.00 - 4.125	05/05/11	02/01/32	2,345,000
G.O. Improvement Bonds of 2012A	2,245,000	2.00 - 3.25	07/12/12	02/01/28	1,560,000
G.O. Refunding Bonds of 2012B	4,325,000	0.40 - 2.10	07/12/12	02/01/23	2,135,000
G.O. Improvement Bonds of 2013A	2,780,000	2.00 - 2.25	05/02/13	02/01/29	2,120,000
G.O. Improvement Bonds of 2014A	715,000	2.00 - 3.00	09/18/14	02/01/30	595,000
G.O. Refunding Bonds of 2014B	940,000	2.00	09/18/14	02/01/21	425,000
G.O. Improvement Bonds of 2015A	3,510,000	2.00 - 3.50	09/10/15	02/01/32	2,590,000
G.O. Tax Abatement Bonds of 2015B	2,590,000	2.00 - 4.00	09/10/15	02/01/35	2,345,000
GO Improvement Bonds of 2016A	2,230,000	2.00 - 2.75	12/01/16	02/01/32	2,100,000
GO Improvement Bonds of 2016A	725,000	2.00 - 2.75	12/01/16	02/01/32	680,000
GO Refunding Bonds of 2016B	600,000	2.00	12/01/16	02/01/28	520,000
GO Refunding Bonds of 2018A	1,405,000	2.1-3.250	12/04/18	02/01/31	<u>1,405,000</u>
 Total G.O. Improvement Bonds					 <u><u>\$ 22,108,660</u></u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for general obligation improvement bonds are as follows:

Year Ending December 31,	Governmental Activities		
	G.O. Improvement		
	Principal	Interest	Total
2019	\$ 4,216,022	\$ 520,320	\$ 4,736,342
2020	2,331,119	467,028	2,798,147
2021	2,343,633	399,278	2,742,911
2022	2,263,633	339,991	2,603,624
2023	2,193,467	282,018	2,475,485
2024 - 2028	6,280,786	787,637	7,068,423
2029 - 2033	2,110,000	200,568	2,310,568
2034 - 2035	370,000	15,002	385,002
Total	<u>\$ 22,108,660</u>	<u>\$ 3,011,842</u>	<u>\$ 25,120,502</u>

General Obligation Tax Increment Bonds

The following bonds were issued to finance various redevelopment projects throughout the City and will be repaid from tax increments. There were no City capital assets acquired with these bonds. The additional tax increments resulting from increased tax capacity of the redeveloped properties will be used to retire the related debt.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Tax Increment Revenue Refunding of 2006	\$ 3,295,000	4.25 - 5.00 %	11/02/06	02/15/27	\$ 1,772,000
G.O. Tax Increment Refunding Bonds of 2009D	4,020,000	3.00 - 4.10	11/16/09	02/01/31	3,155,000
G.O. Tax Increment Refunding Bonds of 2013B	1,500,000	2.00 - 2.25	05/02/13	02/01/24	800,000
G.O. Tax Increment Refunding Bonds of 2018A	1,920,000	2.10-3.25	12/04/18	02/01/31	<u>1,920,000</u>
Total G.O. Tax Increment Bonds					<u>\$ 7,647,000</u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for general obligation tax increment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	G.O. Tax Increment		
	Principal	Interest	Total
2019	\$ 3,422,000	\$ 274,887	\$ 3,696,887
2020	445,000	161,945	606,945
2021	478,000	144,895	622,895
2022	500,000	126,654	626,654
2023	524,000	107,275	631,275
2024 - 2028	1,683,000	263,013	1,946,013
2029 - 2031	595,000	28,881	623,881
Total	<u>\$ 7,647,000</u>	<u>\$ 1,107,550</u>	<u>\$ 8,754,550</u>

General Obligation Revenue Bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future net operating revenues and transfers in from the enterprise funds and are backed by the taxing power of the City. Annual net operating revenues and transfers in, principal and interest payments, and the percentage of revenue required to cover principal and interest payment are as follows:

	Water	Sewer	Storm
Net Operating Revenues	\$ 2,049,587	\$ 2,245,261	\$ 155,125
Principal and Interest	1,425,273	750,421	392,714
Percentage of Revenues	70 %	33 %	253 %

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Revenue					
Bonds of 2008C	\$ 1,885,000	2.8 - 4.35 %	06/18/08	02/01/29	\$ 1,215,000
G.O. Revenue					
Bonds of 2009B	5,060,000	2.00 - 4.25	06/04/09	02/01/30	3,440,000
G.O. Refunding					
Bonds of 2011A	1,455,000	.60 - 3.35	08/01/11	02/01/24	486,340
G.O. Improvement					
Bonds of 2011B	2,840,000	3.00 - 4.125	05/05/11	02/01/32	2,165,000
G.O. Improvement					
Bonds of 2012A	2,615,000	2.00 - 3.25	07/12/12	02/01/33	2,060,000
G.O. Refunding					
Bonds of 2012B	1,180,000	0.40 - 2.35	07/12/12	02/01/25	685,000
G.O. Improvement					
Bonds of 2013A	3,490,000	2.00 - 2.25	05/02/13	02/01/34	2,910,000
G.O. Revenue					
Bonds of 2013B	995,000	2.00 - 2.50	05/02/13	02/01/24	605,000
G.O. Revenue					
Bonds of 2014A	4,210,000	2.00 - 3.50	09/18/14	02/01/35	3,680,000
G.O. Refunding					
Bonds of 2014B	2,290,000	2.00 - 2.75	09/18/14	02/01/26	1,600,000
G.O. Revenue					
Bonds of 2015A	4,210,000	2.00 - 3.50	09/18/14	02/01/36	4,495,000
G.O. Revenue					
Bonds of 2016A	2,995,000	2.00 - 2.75	12/01/16	02/01/37	2,880,000
G.O. Refunding					
Bonds of 2016B	2,245,000	2.00	12/01/16	02/01/28	2,060,000
G.O. Refunding					
Bonds of 2018A	4,195,000	2.1 - 3.250	12/04/18	02/01/31	<u>4,195,000</u>
 Total G.O. Revenue Bonds					 <u><u>\$ 32,476,340</u></u>

Annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	G.O. Revenue Bonds		
	Principal	Interest	Total
2019	\$ 6,293,978	\$ 785,041	\$ 7,079,019
2020	1,978,881	736,339	2,715,220
2021	1,981,367	686,263	2,667,630
2022	2,021,367	635,059	2,656,426
2023	2,031,533	581,609	2,613,142
2024 - 2028	9,329,214	2,086,006	11,415,220
2029 - 2033	6,485,000	845,257	7,330,257
2034 - 2036	2,355,000	109,682	2,464,682
 Total	 <u><u>\$ 32,476,340</u></u>	 <u><u>\$ 6,465,256</u></u>	 <u><u>\$ 38,941,596</u></u>

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
G.O. improvement bonds	\$ 23,072,362	\$ 1,405,000	\$ (2,368,702)	\$ 22,108,660	\$ 4,216,022
G.O. tax increment bonds	6,259,000	1,920,000	(532,000)	7,647,000	3,422,000
Compensated absences payable	<u>189,636</u>	<u>159,880</u>	<u>(138,268)</u>	<u>211,248</u>	<u>126,749</u>
Total	<u>\$ 29,520,998</u>	<u>\$ 3,484,880</u>	<u>\$ (3,038,970)</u>	<u>\$ 29,966,908</u>	<u>\$ 7,764,771</u>
Business-type Activities					
G.O. revenue bonds	\$ 30,157,638	\$ 4,195,000	\$ (1,876,298)	\$ 32,476,340	\$ 6,293,978
Compensated absences payable	<u>94,609</u>	<u>69,145</u>	<u>(56,141)</u>	<u>107,613</u>	<u>64,568</u>
Total	<u>\$ 30,252,247</u>	<u>\$ 4,264,145</u>	<u>\$ (1,932,439)</u>	<u>\$ 32,583,953</u>	<u>\$ 6,358,546</u>

Note 4: Defined Benefit Pension Plans - Statewide

A. Plan Description

The City participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401(a) of the Internal Revenue Code.

General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability and death benefits. Benefit provisions are established by Minnesota statute and can only be modified by the state legislature. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

GERF Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first ten years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7 percent of average salary for each additional year. Under Method 2, the annuity accrual rate is 1.7 percent of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90 percent funded for two consecutive years, benefit recipients are given a 2.5 percent increase. If the plan has not exceeded 90 percent funded, or have fallen below 80 percent, benefit recipients are given a one percent increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase.

PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014 vest on a prorated basis from 50 percent after five years up to 100 percent after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014 vest on a prorated basis from 50 percent after ten years up to 100 percent after twenty years of credited service. The annuity accrual rate is 3.0 percent of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0 percent increase. An annual adjustment will equal 2.5 percent any time the plan exceeds a 90 percent funded ratio for two consecutive years. If the adjustment is increased to 2.5 percent and the funded ratio falls below 80 percent for one year or 85 percent for two consecutive years, the post-retirement benefit increase will be lowered to one percent. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

C. Funding Policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10 and 6.50 percent, respectively, of their annual covered salary in 2018. PEPFF members were required to contribute 10.80 percent of their annual covered salary in 2018. In 2018, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.50 percent for Coordinated Plan GERF members, and 16.20 percent for PEPFF members.

City of Mound, Minnesota
Notes to the Financial Statements
December 31, 2018

Note 4: Defined Benefit Pension Plans - Statewide (Continued)

The City's contributions to GERP and PEPFF for the years ending December 31, 2018, 2017 and 2016 are as follows:

	2018	2017	2016
Coordinated	\$ 140,059	\$ 128,222	\$ 124,267
Police and Fire	17,866	16,609	16,602
Total	\$ 157,925	\$ 144,831	\$ 140,869

The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

Note 5: Other Information

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past four fiscal years.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$1,000,000. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

B. Legal Debt Margin

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of three percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. As of December 31, 2018, the City is under the legal debt margin.

C. Tax Increment Districts

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements.

The City has entered into "pay as you go" Tax Increment Financing notes within its TIF districts. These notes are payable only to the extent of the increment received. As a result, they are a commitment within the district but they have not met the criteria to be reported as a liability on the Statement of Net Position.

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COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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NONMAJOR GOVERNMENTAL FUNDS

City of Mound, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2018

Exhibit A-1

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Assets			
Cash and temporary investments	\$ 146,279	\$ 520,679	\$ 666,958
Special assessments receivable	-	8,134	8,134
Prepaid items	7,084	-	7,084
Total Assets	\$ 153,363	\$ 528,813	\$ 682,176
Liabilities			
Accounts payable	\$ 4,300	\$ 155,270	\$ 159,570
Deposits payable	4,150	-	4,150
Due to other funds	77,696	42,414	120,110
Total Liabilities	86,146	197,684	283,830
Deferred Inflows of Resources			
Unavailable revenue - special assessments	-	8,134	8,134
Fund Balances			
Nonspendable	7,084	-	7,084
Restricted	142,029	-	142,029
Assigned	-	389,349	389,349
Unassigned	(81,896)	(66,354)	(148,250)
Total Fund Balances	67,217	322,995	390,212
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 153,363	\$ 528,813	\$ 682,176

City of Mound, Minnesota
 Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2018

Exhibit A-2

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
Revenues			
Property taxes	\$ 49,954	\$ 341,653	\$ 391,607
Licenses and permits	358,915	-	358,915
Intergovernmental	4,626	46,588	51,214
Special assessments	-	18,534	18,534
Interest on investments	4,954	-	4,954
Miscellaneous	6,378	8,800	15,178
Total Revenues	424,827	415,575	840,402
Expenditures			
Current			
Culture and recreation	101,357	-	101,357
Housing and economic development	42,113	99	42,212
Capital outlay			
General government	-	47,965	47,965
Public works	-	509,263	509,263
Culture and recreation	55,255	34,062	89,317
Housing and economic development	18,201	50,931	69,132
Total Expenditures	216,926	642,320	859,246
Excess (Deficiency) of Revenues Over (Under) Expenditures	207,901	(226,745)	(18,844)
Other Financing Sources (Uses)			
Transfers in	-	470,113	470,113
Sale of capital assets	-	14,000	14,000
Transfers out	(348,573)	(512,302)	(860,875)
Total Other Financing Sources (Uses)	(348,573)	(28,189)	(376,762)
Net Change in Fund Balances	(140,672)	(254,934)	(395,606)
Fund Balances, January 1	207,889	577,929	785,818
Fund Balances, December 31	\$ 67,217	\$ 322,995	\$ 390,212

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NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for revenue derived from specific taxes or other earmarked revenue sources. They are usually required by Minnesota statute or local ordinance to finance particular functions or activities of government.

Dock Fund - The purpose of this fund is to account for the revenue and expenditures of dock activity located along City owned lakeshore.

HRA Fund - The purpose of this fund is to account for activities related to administering the Mound Housing and Redevelopment Authority.

City of Mound, Minnesota
 Nonmajor Special Revenue Funds
 Combining Balance Sheet
 December 31, 2018

Exhibit B-1

	281	285	
	Dock	HRA	Total
Assets			
Cash and temporary investments	\$ 146,279	\$ -	\$ 146,279
Prepaid items	5,908	1,176	7,084
Total Assets	\$ 152,187	\$ 1,176	\$ 153,363
Liabilities			
Accounts payable	\$ 100	\$ 4,200	\$ 4,300
Due to other funds	-	77,696	77,696
Deposits payable	4,150	-	4,150
Total Liabilities	4,250	81,896	86,146
Fund Balances			
Nonspendable for prepaid items	5,908	1,176	7,084
Restricted for			
Culture and recreation	142,029	-	142,029
Unassigned	-	(81,896)	(81,896)
Total Fund Balances	147,937	(80,720)	67,217
Total Liabilities and Fund Balances	\$ 152,187	\$ 1,176	\$ 153,363

City of Mound, Minnesota
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2018

Exhibit B-2

	281	285	
	<u>Dock</u>	<u>HRA</u>	<u>Total</u>
Revenues			
Property taxes	\$ -	\$ 49,954	\$ 49,954
Licenses and permits	358,915	-	358,915
Intergovernmental	-	4,626	4,626
Interest on investments	4,954	-	4,954
Miscellaneous	6,378	-	6,378
Total Revenues	<u>370,247</u>	<u>54,580</u>	<u>424,827</u>
Expenditures			
Current			
Culture and recreation	101,357	-	101,357
Housing and economic development	-	42,113	42,113
Capital outlay			
Culture and recreation	55,255	-	55,255
Housing and economic development	-	18,201	18,201
Total Expenditures	<u>156,612</u>	<u>60,314</u>	<u>216,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	213,635	(5,734)	207,901
Other Financing Uses			
Transfers out	<u>(348,573)</u>	<u>-</u>	<u>(348,573)</u>
Net Change in Fund Balances	(134,938)	(5,734)	(140,672)
Fund Balances, January 1	<u>282,875</u>	<u>(74,986)</u>	<u>207,889</u>
Fund Balances, December 31	<u>\$ 147,937</u>	<u>\$ (80,720)</u>	<u>\$ 67,217</u>

City of Mound, Minnesota
 Dock Special Revenue Fund
 Schedule of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 For the Year Ended December 31, 2018

Exhibit B-3

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Licenses and permits	\$ 205,000	\$ 205,000	\$ 358,915	\$ 153,915	\$ 209,046
Interest on investments	1,000	1,000	4,954	3,954	2,357
Miscellaneous	100	100	6,378	6,278	730
Total Revenues	<u>206,100</u>	<u>206,100</u>	<u>370,247</u>	<u>164,147</u>	<u>212,133</u>
Expenditures					
Current					
Culture and recreation					
Personnel services	56,348	56,348	51,048	5,300	54,492
Supplies	4,600	4,600	3,017	1,583	5,693
Other services and charges	46,755	46,755	47,292	(537)	45,683
Capital outlay					
Culture and recreation	65,000	65,000	55,255	9,745	57,112
Total Expenditures	<u>172,703</u>	<u>172,703</u>	<u>156,612</u>	<u>16,091</u>	<u>162,980</u>
Excess of Revenues Over Expenditures	33,397	33,397	213,635	180,238	49,153
Other Financing Uses					
Transfers out	<u>(37,000)</u>	<u>(37,000)</u>	<u>(348,573)</u>	<u>(311,573)</u>	<u>(37,479)</u>
Net Change in Fund Balances	(3,603)	(3,603)	(134,938)	(131,335)	11,674
Fund Balances, January 1	<u>282,875</u>	<u>282,875</u>	<u>282,875</u>	<u>-</u>	<u>271,201</u>
Fund Balances, December 31	<u>\$ 279,272</u>	<u>\$ 279,272</u>	<u>\$ 147,937</u>	<u>\$ (131,335)</u>	<u>\$ 282,875</u>

City of Mound, Minnesota
HRA Special Revenue Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2018

Exhibit B-4

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Revenues					
Property taxes	\$ 49,954	\$ 49,954	\$ 49,954	\$ -	\$ 25,952
Intergovernmental	-	-	4,626	4,626	697,061
Miscellaneous	-	-	-	-	114
Total Revenues	<u>49,954</u>	<u>49,954</u>	<u>54,580</u>	<u>4,626</u>	<u>723,127</u>
Expenditures					
Current					
Housing and economic development					
Supplies	1,500	1,500	1,529	(29)	1,017
Other services and charges	33,700	33,700	40,584	(6,884)	38,093
Capital outlay					
Housing and economic development	8,000	8,000	18,201	(10,201)	713,850
Total Expenditures	<u>43,200</u>	<u>43,200</u>	<u>60,314</u>	<u>(17,114)</u>	<u>752,960</u>
Net Change in Fund Balances	6,754	6,754	(5,734)	(12,488)	(29,833)
Fund Balances, January 1	<u>(74,986)</u>	<u>(74,986)</u>	<u>(74,986)</u>	-	<u>(45,153)</u>
Fund Balances, December 31	<u>\$ (68,232)</u>	<u>\$ (68,232)</u>	<u>\$ (80,720)</u>	<u>\$ (12,488)</u>	<u>\$ (74,986)</u>

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NONMAJOR CAPITAL PROJECTS FUNDS

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by enterprise funds.

Municipal State Aid - This fund accounts for the activities of state aid street assessment projects. Financing comes from State construction money and special assessments levied on benefiting properties.

Street Maintenance - This fund accounts for the five-year rotating sealcoat on City streets. Financing comes primarily from the City's Municipal Liquor fund profits.

Tax Increment Financing District 1-3 - The Tax Increment Financing District No. 1-3 was created to facilitate construction of a mixed use residential and commercial project in the City. This fund accounts for the financial activity relating to this project.

Capital Replacement Equipment - This fund accounts for equipment and vehicle purchases for general government, public safety, public works, and culture and recreation. Financing comes from the general levy and sales of existing assets.

Community Investment - This fund accounts for expenditures on parks, open spaces and street scape. Financing comes from the general levy and park dedication fees.

Capital Replacement Buildings - This fund accounts for building improvements to the general government, public safety, public works, and culture and recreation building structures. Financing comes from the general levy.

City of Mound, Minnesota
 Nonmajor Capital Projects Funds
 Combining Balance Sheet
 December 31, 2018

Exhibit C-1

	402	403	404	405
	Municipal State Aid	Capital Replacement Equipment	Community Investment	Capital Replacement Buildings
Assets				
Cash and temporary investments	\$ -	\$ 6,591	\$ 71,922	\$ 2,035
Special assessments receivable	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 6,591</u>	<u>\$ 71,922</u>	<u>\$ 2,035</u>
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	-	-	-
Fund Balances				
Assigned to capital improvements	-	6,591	71,922	2,035
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>6,591</u>	<u>71,922</u>	<u>2,035</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 6,591</u>	<u>\$ 71,922</u>	<u>\$ 2,035</u>

427	475	
Street Maintenance	TIF 1-3	Total
\$ 440,131	\$ -	\$ 520,679
8,134	-	8,134
<u>\$ 448,265</u>	<u>\$ -</u>	<u>\$ 528,813</u>
\$ 131,330	\$ 23,940	\$ 155,270
-	42,414	42,414
<u>131,330</u>	<u>66,354</u>	<u>197,684</u>
<u>8,134</u>	<u>-</u>	<u>8,134</u>
308,801	-	389,349
-	(66,354)	(66,354)
<u>308,801</u>	<u>(66,354)</u>	<u>322,995</u>
<u>\$ 448,265</u>	<u>\$ -</u>	<u>\$ 528,813</u>

City of Mound, Minnesota
 Nonmajor Capital Projects Funds
 Combining Statement of Revenues, Expenditures and
 Changes in Fund Balances
 For the Year Ended December 31, 2018

Exhibit C-2

	402	403	404	405
	Municipal State Aid	Capital Replacement Equipment	Community Investment	Capital Replacement Buildings
Revenues				
Taxes	\$ -	\$ 291,653	\$ -	\$ 50,000
Intergovernmental	23,294	-	-	-
Special assessments	-	-	-	-
Miscellaneous	-	-	8,800	-
Total Revenues	<u>23,294</u>	<u>291,653</u>	<u>8,800</u>	<u>50,000</u>
Expenditures				
Current				
Housing and economic development	-	-	-	-
Capital outlay				
General government	-	-	-	47,965
Public works	1,021	299,062	-	-
Culture and recreation	-	-	34,062	-
Housing and economic development	-	-	-	-
Total Expenditures	<u>1,021</u>	<u>299,062</u>	<u>34,062</u>	<u>47,965</u>
Excess (Deficiency) of Revenues (Under) Over Expenditures	<u>22,273</u>	<u>(7,409)</u>	<u>(25,262)</u>	<u>2,035</u>
Other Financing Sources (Uses)				
Transfers in	-	-	97,184	-
Sale of capital assets	-	14,000	-	-
Transfers out	<u>(512,302)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(512,302)</u>	<u>14,000</u>	<u>97,184</u>	<u>-</u>
Net Change in Fund Balances	(490,029)	6,591	71,922	2,035
Fund Balances, January 1	<u>490,029</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, December 31	<u>\$ -</u>	<u>\$ 6,591</u>	<u>\$ 71,922</u>	<u>\$ 2,035</u>

427	475	
Street Maintenance	TIF 1-3	Total
\$ -	\$ -	\$ 341,653
23,294	-	46,588
18,534	-	18,534
-	-	8,800
<u>41,828</u>	<u>-</u>	<u>415,575</u>
-	99	99
-	-	47,965
209,180	-	509,263
-	-	34,062
-	50,931	50,931
<u>209,180</u>	<u>51,030</u>	<u>642,320</u>
<u>(167,352)</u>	<u>(51,030)</u>	<u>(226,745)</u>
372,929	-	470,113
-	-	14,000
-	-	(512,302)
<u>372,929</u>	<u>-</u>	<u>(28,189)</u>
205,577	(51,030)	(254,934)
103,224	(15,324)	577,929
<u>\$ 308,801</u>	<u>\$ (66,354)</u>	<u>\$ 322,995</u>

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City of Mound, Minnesota
General Fund
Balance Sheets
December 31, 2018 and 2017

Exhibit D-1

	2018	2017
Assets		
Cash and temporary investments	\$ 3,478,489	\$ 2,881,250
Receivables		
Accounts	119,174	104,800
Taxes	127,174	116,198
Interest	27,101	5,605
Special assessments	90,602	15,275
Due from other governments	1,790	1,746
Due from other funds	55,700	949,948
Advance to other funds	-	100,673
	-	100,673
Total Assets	\$ 3,900,030	\$ 4,175,495
Liabilities		
Accounts payable	\$ 102,725	\$ 127,149
Due to other governments	3,157	15,233
Deposits payable	242,433	368,054
Accrued salaries payable	54,259	69,350
Unearned revenue	-	24,685
Total Liabilities	402,574	604,471
Deferred Inflows of Resources		
Unavailable revenue - property taxes	75,014	54,484
Unavailable revenue - special assessments	90,329	13,532
Total Deferred Inflows of Resources	165,343	68,016
Fund Balances		
Nonspendable for		
Noncurrent portion of interfund loans	-	100,673
Restricted for		
Culture and recreation	20,019	97,184
Assigned to		
Severance pay	211,248	189,636
Budget deficit	303,659	271,059
Unassigned	2,797,187	2,844,456
Total Fund Balances	3,332,113	3,503,008
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,900,030	\$ 4,175,495

City of Mound, Minnesota

Exhibit D-2

General Fund

Schedule of Revenues and Other Financing Sources - Budget and Actual
For the Year Ended December 31, 2018

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance With Final Budget	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Revenues					
Taxes					
General property taxes					
Current	\$ 3,094,504	\$ 2,752,851	\$ 2,739,506	\$ (13,345)	\$ 3,017,024
Delinquent	50,000	50,000	30,630	(19,370)	68,668
Fiscal disparities	450,000	450,000	455,382	5,382	453,032
Penalties and interest	15,000	15,000	13,488	(1,512)	24,233
Franchise tax	406,000	406,000	406,501	501	405,178
Total taxes	<u>4,015,504</u>	<u>3,673,851</u>	<u>3,645,507</u>	<u>(28,344)</u>	<u>3,968,135</u>
Licenses and permits	<u>235,750</u>	<u>235,750</u>	<u>240,500</u>	<u>4,750</u>	<u>345,832</u>
Intergovernmental					
State					
Local government aid	377,786	377,786	377,783	(3)	340,328
State aid for streets	60,000	60,000	60,000	-	60,000
PERA aid	6,060	6,060	6,060	-	6,060
Other state grants and aid	-	-	271	271	1,002
Total intergovernmental	<u>443,846</u>	<u>443,846</u>	<u>444,114</u>	<u>268</u>	<u>407,390</u>
Charges for services	<u>375,366</u>	<u>375,366</u>	<u>413,964</u>	<u>38,598</u>	<u>586,295</u>
Fines and forfeitures	<u>42,000</u>	<u>42,000</u>	<u>36,771</u>	<u>(5,229)</u>	<u>43,137</u>
Special assessments	<u>10,000</u>	<u>10,000</u>	<u>14,725</u>	<u>4,725</u>	<u>31,052</u>
Interest on investments	<u>8,000</u>	<u>8,000</u>	<u>48,062</u>	<u>40,062</u>	<u>21,570</u>
Miscellaneous					
Refunds and reimbursements	55,000	55,000	24,194	(30,806)	27,338
Other	40,000	40,000	55,198	15,198	48,958
Total miscellaneous	<u>95,000</u>	<u>95,000</u>	<u>79,392</u>	<u>(15,608)</u>	<u>76,296</u>
Total Revenues	<u>5,225,466</u>	<u>4,883,813</u>	<u>4,923,035</u>	<u>39,222</u>	<u>5,479,707</u>
Other Financing Sources					
Transfers in	128,072	128,072	128,072	-	130,266
Sale of capital assets	-	-	-	-	56,300
Total Other Financing Sources	<u>128,072</u>	<u>128,072</u>	<u>128,072</u>	<u>-</u>	<u>186,566</u>
Total Revenues and Other Financing Sources	<u>\$ 5,353,538</u>	<u>\$ 5,011,885</u>	<u>\$ 5,051,107</u>	<u>\$ 39,222</u>	<u>\$ 5,666,273</u>

City of Mound, Minnesota

Exhibit D-3

General Fund

Schedule of Expenditures and Other Financing Uses
Budget and Actual (Continued on the Following Pages)
For the Year Ended December 31, 2018

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

Expenditures	2018				2017
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Current					
General government					
Mayor and city council					
Personnel services	\$ 17,842	\$ 17,842	\$ 17,847	\$ (5)	\$ 18,069
Supplies	3,100	3,100	1,156	1,944	2,446
Other services and charges	123,800	123,800	111,432	12,368	117,866
Total mayor and city council	<u>144,742</u>	<u>144,742</u>	<u>130,435</u>	<u>14,307</u>	<u>138,381</u>
City manager					
Personnel services	171,430	171,430	162,621	8,809	155,147
Supplies	1,975	1,975	408	1,567	515
Other services and charges	8,550	8,550	2,937	5,613	2,231
Total city manager	<u>181,955</u>	<u>181,955</u>	<u>165,966</u>	<u>15,989</u>	<u>157,893</u>
Election and voters' registration					
Personnel services	700	700	-	700	-
Supplies	1,500	1,500	661	839	-
Other services and charges	12,600	12,600	12,949	(349)	2,441
Total election and voters' registration	<u>14,800</u>	<u>14,800</u>	<u>13,610</u>	<u>1,190</u>	<u>2,441</u>
Assessing					
Supplies	50	50	35	15	12
Other services and charges	115,000	115,000	115,000	-	112,000
Total assessing	<u>115,050</u>	<u>115,050</u>	<u>115,035</u>	<u>15</u>	<u>112,012</u>
Finance					
Personnel services	424,316	424,316	413,721	10,595	399,890
Supplies	3,975	3,975	3,203	772	3,072
Other services and charges	20,250	20,250	17,662	2,588	17,427
Total finance	<u>448,541</u>	<u>448,541</u>	<u>434,586</u>	<u>13,955</u>	<u>420,389</u>
Computer					
Supplies	3,000	3,000	5,018	(2,018)	2,002
Other services and charges	53,900	53,900	51,029	2,871	53,644
Total computer	<u>56,900</u>	<u>56,900</u>	<u>56,047</u>	<u>853</u>	<u>55,646</u>
Legal					
Other services and charges	<u>100,510</u>	<u>100,510</u>	<u>74,375</u>	<u>26,135</u>	<u>76,771</u>

City of Mound, Minnesota

Exhibit D-3

General Fund

Schedule of Expenditures and Other Financing Uses

Budget and Actual (Continued)

For the Year Ended December 31, 2018

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018			Variance With Final Budget	2017
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
General government (continued)					
City hall					
Supplies	\$ 7,300	\$ 7,300	\$ 7,644	\$ (344)	\$ 8,039
Other services and charges	32,500	32,500	31,168	1,332	31,500
Total city hall	<u>39,800</u>	<u>39,800</u>	<u>38,812</u>	<u>988</u>	<u>39,539</u>
City property					
Supplies	3,400	3,400	1,869	1,531	2,064
Other services and charges	80,600	80,600	53,329	27,271	135,738
Total city property	<u>84,000</u>	<u>84,000</u>	<u>55,198</u>	<u>28,802</u>	<u>137,802</u>
Total general government	<u>1,186,298</u>	<u>1,186,298</u>	<u>1,084,064</u>	<u>102,234</u>	<u>1,140,874</u>
Public safety					
Police protection					
Personnel services	524	524	529	(5)	6,540
Other services and charges	1,748,015	1,748,015	1,750,659	(2,644)	1,715,645
Total public safety	<u>1,748,539</u>	<u>1,748,539</u>	<u>1,751,188</u>	<u>(2,649)</u>	<u>1,722,185</u>
Emergency preparedness					
Personnel services	26,011	26,011	20,101	5,910	18,539
Supplies	3,600	3,600	2,062	1,538	3,135
Other services and charges	10,474	10,474	9,509	965	8,870
Total emergency preparedness	<u>40,085</u>	<u>40,085</u>	<u>31,672</u>	<u>8,413</u>	<u>30,544</u>
Planning and inspection					
Personnel services	244,841	244,841	234,269	10,572	227,333
Supplies	5,700	5,700	4,673	1,027	5,201
Other services and charges	216,240	216,240	191,220	25,020	295,758
Total planning and inspection	<u>466,781</u>	<u>466,781</u>	<u>430,162</u>	<u>36,619</u>	<u>528,292</u>
Total public safety	<u>2,255,405</u>	<u>2,255,405</u>	<u>2,213,022</u>	<u>42,383</u>	<u>2,281,021</u>
Public works					
Streets					
Personnel services	422,139	422,139	395,565	26,574	389,331
Supplies	136,250	136,250	141,239	(4,989)	118,601
Other services and charges	216,310	216,310	231,382	(15,072)	235,895
Total public works	<u>774,699</u>	<u>774,699</u>	<u>768,186</u>	<u>6,513</u>	<u>743,827</u>

City of Mound, Minnesota

Exhibit D-3

General Fund

Schedule of Expenditures and Other Financing Uses

Budget and Actual (Continued)

For the Year Ended December 31, 2018

(With Comparative Actual Amounts for the Year Ended December 31, 2017)

	2018				2017
	Budgeted Amounts		Actual Amounts	Variance With Final Budget	Actual Amounts
	Original	Final			
Expenditures (Continued)					
Current (continued)					
Culture and recreation					
Parks					
Personnel services	\$ 297,415	\$ 297,415	\$ 285,993	\$ 11,422	\$ 283,694
Supplies	56,450	56,450	57,918	(1,468)	62,805
Other services and charges	96,400	96,400	104,313	(7,913)	95,282
Total parks	<u>450,265</u>	<u>450,265</u>	<u>448,224</u>	<u>2,041</u>	<u>441,781</u>
Cemetery					
Supplies	-	-	-	-	467
Other services and charges	-	-	-	-	935
Total cemetery	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,402</u>
Cable TV					
Other services and charges	<u>42,299</u>	<u>42,299</u>	<u>39,502</u>	<u>2,797</u>	<u>41,209</u>
Total culture and recreation	<u>492,564</u>	<u>492,564</u>	<u>487,726</u>	<u>4,838</u>	<u>484,392</u>
Total current	<u>4,708,966</u>	<u>4,708,966</u>	<u>4,552,998</u>	<u>155,968</u>	<u>4,650,114</u>
Capital outlay					
General government	50,000	-	-	-	53,284
Public safety	21,153	-	-	-	-
Public works	210,500	-	-	-	109,749
Culture and recreation	85,000	25,000	22,844	2,156	76,244
Total capital outlay	<u>366,653</u>	<u>25,000</u>	<u>22,844</u>	<u>2,156</u>	<u>239,277</u>
Total Expenditures	5,075,619	4,733,966	4,575,842	158,124	4,889,391
Other Financing Uses					
Transfers out	<u>548,976</u>	<u>548,976</u>	<u>646,160</u>	<u>(97,184)</u>	<u>562,967</u>
Total Expenditures and Other Financing Uses	<u>\$ 5,624,595</u>	<u>\$ 5,282,942</u>	<u>\$ 5,222,002</u>	<u>\$ 60,940</u>	<u>\$ 5,452,358</u>

City of Mound, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued on the Following Pages)
December 31, 2018

Exhibit E-1

	355	370	368	375
	G.O. Tax Increment Refunding Bonds 2013 B	2011A Refunding Bond	2014A Refunding Bond	G.O. Tax Increment Refunding Bonds 2009D
Assets				
Cash and temporary investments	\$ 539,408	\$ 289,211	\$ 262,789	\$ 3,020,332
Receivables				
Taxes	-	-	-	204
Special assessments	-	64,222	40,723	-
Due from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 539,408</u>	<u>\$ 353,433</u>	<u>\$ 303,512</u>	<u>\$ 3,020,536</u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Due to other governments	35,043	-	-	-
Total Liabilities	<u>35,043</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	-	63,914	40,518	-
Fund Balances				
Restricted for debt service	<u>504,365</u>	<u>289,519</u>	<u>262,994</u>	<u>3,020,536</u>
Total Deferred and Liabilities				
Inflows of Resources				
and Fund Balances	<u>\$ 539,408</u>	<u>\$ 353,433</u>	<u>\$ 303,512</u>	<u>\$ 3,020,536</u>

350	362	363
Tax Abatement Bonds Series 2015B	G.O. Refunding Bonds 2016B	G.O. Improvement Bonds 2018A
\$ 138,310	\$ -	\$ 1,848,622
-	-	-
-	149,964	398,853
<u>77,696</u>	<u>-</u>	<u>20,383</u>
<u><u>\$ 216,006</u></u>	<u><u>\$ 149,964</u></u>	<u><u>\$ 2,267,858</u></u>
\$ -	\$ 20,383	\$ -
-	-	-
<u>-</u>	<u>20,383</u>	<u>-</u>
-	148,997	397,511
<u>216,006</u>	<u>(19,416)</u>	<u>1,870,347</u>
<u><u>\$ 216,006</u></u>	<u><u>\$ 149,964</u></u>	<u><u>\$ 2,267,858</u></u>

City of Mound, Minnesota
Debt Service Funds
Combining Balance Sheet (Continued)
December 31, 2018

Exhibit E-1

	364	365	371	310
	G.O. Improvement Bonds 2011B	G.O. Improvement Bonds 2012A	G.O. Refunding Bonds 2012B	G.O. Improvement Bonds 2013A
Assets				
Cash and temporary investments	\$ 683,430	\$ 843,453	\$ 427,204	\$ 709,233
Receivables				
Taxes	-	-	-	-
Special assessments	467,396	546,669	-	614,432
Due from other funds	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 1,150,826</u></u>	<u><u>\$ 1,390,122</u></u>	<u><u>\$ 427,204</u></u>	<u><u>\$ 1,323,665</u></u>
Liabilities				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Due to other governments	-	-	-	-
Total Liabilities	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Deferred Inflows of Resources				
Unavailable revenue - special assessments	465,844	546,086	-	611,919
Fund Balances				
Restricted for debt service	<u>684,982</u>	<u>844,036</u>	<u>427,204</u>	<u>711,746</u>
Total Deferred and Liabilities				
Inflows of Resources				
and Fund Balances	<u><u>\$ 1,150,826</u></u>	<u><u>\$ 1,390,122</u></u>	<u><u>\$ 427,204</u></u>	<u><u>\$ 1,323,665</u></u>

311	312	313	
G.O. Improvement Bonds 2014A	G.O. Improvement Bonds 2015A	G.O. Improvement Bonds 2016A	Total
\$ 306,410	\$ 737,030	\$ 211,332	\$ 10,016,764
-	-	-	204
214,392	529,206	343,340	3,369,197
-	-	-	98,079
<u>\$ 520,802</u>	<u>\$ 1,266,236</u>	<u>\$ 554,672</u>	<u>\$ 13,484,244</u>
\$ -	\$ -	\$ -	\$ 20,383
-	-	-	35,043
-	-	-	55,426
214,374	528,110	342,972	3,360,245
<u>306,428</u>	<u>738,126</u>	<u>211,700</u>	<u>10,068,573</u>
<u>\$ 520,802</u>	<u>\$ 1,266,236</u>	<u>\$ 554,672</u>	<u>\$ 13,484,244</u>

City of Mound, Minnesota

Exhibit E-2

Debt Service Funds

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued on the Following Pages)
For the Year Ended December 31, 2018

	355	370	368	375
	G.O. Tax Increment Bonds 2003C	2011A Refunding Bond	2014A Refunding Bond	G.O. Tax Increment Refunding Bonds 2009D
Revenues				
Taxes	\$ 585,453	\$ 342,015	\$ 75,000	\$ 106,419
Special assessments	-	32,033	27,697	-
Miscellaneous	-	-	-	-
Total Revenues	<u>585,453</u>	<u>374,048</u>	<u>102,697</u>	<u>106,419</u>
Expenditures				
Current				
Housing and economic development	40,405	-	-	42
Debt service				
Principal	362,000	358,702	135,000	170,000
Interest and other	115,752	43,371	10,282	165,341
Total Expenditures	<u>518,157</u>	<u>402,073</u>	<u>145,282</u>	<u>335,383</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>67,296</u>	<u>(28,025)</u>	<u>(42,585)</u>	<u>(228,964)</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	998,573
Bonds issued	-	-	-	1,920,000
Premium on bonds issued	-	-	-	89,781
Transfers out	(650,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(650,000)</u>	<u>-</u>	<u>-</u>	<u>3,008,354</u>
Net Change in Fund Balances	(582,704)	(28,025)	(42,585)	2,779,390
Fund Balances, January 1	<u>1,087,069</u>	<u>317,544</u>	<u>305,579</u>	<u>241,146</u>
Fund Balances, December 31	<u>\$ 504,365</u>	<u>\$ 289,519</u>	<u>\$ 262,994</u>	<u>\$ 3,020,536</u>

350	362	363
Tax Abatement Bonds Series 2015B	G.O. Refunding Bonds 2016B	G.O. Improvement Bonds 2018A
\$ 168,450	\$ 50,000	\$ 215,600
-	43,912	126,422
-	-	-
<u>168,450</u>	<u>93,912</u>	<u>342,022</u>
-	-	-
90,000	80,000	245,000
75,249	11,601	100,062
<u>165,249</u>	<u>91,601</u>	<u>345,062</u>
<u>3,201</u>	<u>2,311</u>	<u>(3,040)</u>
-	-	-
-	-	1,405,000
-	-	78,282
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>1,483,282</u>
3,201	2,311	1,480,242
<u>212,805</u>	<u>(21,727)</u>	<u>390,105</u>
<u>\$ 216,006</u>	<u>\$ (19,416)</u>	<u>\$ 1,870,347</u>

City of Mound, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued)
For the Year Ended December 31, 2018

Exhibit E-2

	364	365	371	310
	G.O. Improvement Bonds 2011B	G.O. Improvement Bonds 2012A	G.O. Refunding Bonds 2012B	G.O. Improvement Bonds 2013A
Revenues				
Taxes	\$ 192,523	\$ 50,000	\$ 193,638	\$ 100,000
Special assessments	119,269	134,293	-	159,954
Miscellaneous	-	-	282,940	-
Total Revenues	<u>311,792</u>	<u>184,293</u>	<u>476,578</u>	<u>259,954</u>
Expenditures				
Current				
Housing and economic development	-	-	-	-
Debt service				
Principal	195,000	140,000	390,000	170,000
Interest and other	84,000	38,311	40,002	47,066
Total Expenditures	<u>279,000</u>	<u>178,311</u>	<u>430,002</u>	<u>217,066</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>32,792</u>	<u>5,982</u>	<u>46,576</u>	<u>42,888</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Bonds issued	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	32,792	5,982	46,576	42,888
Fund Balances, January 1	<u>652,190</u>	<u>838,054</u>	<u>380,628</u>	<u>668,858</u>
Fund Balances, December 31	<u>\$ 684,982</u>	<u>\$ 844,036</u>	<u>\$ 427,204</u>	<u>\$ 711,746</u>

311	312	313	
G.O. Improvement Bonds 2014A	G.O. Improvement Bonds 2015A	G.O. Improvement Bonds 2016A	Total
\$ 41,120	\$ 272,000	\$ 119,246	\$ 2,511,464
41,752	136,655	54,578	876,565
-	-	-	282,940
<u>82,872</u>	<u>408,655</u>	<u>173,824</u>	<u>3,670,969</u>
-	-	-	40,447
45,000	345,000	130,000	2,855,702
17,440	82,263	46,731	877,471
<u>62,440</u>	<u>427,263</u>	<u>176,731</u>	<u>3,773,620</u>
<u>20,432</u>	<u>(18,608)</u>	<u>(2,907)</u>	<u>(102,651)</u>
-	-	-	998,573
-	-	-	3,325,000
-	-	-	168,063
-	-	-	(650,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>3,841,636</u>
20,432	(18,608)	(2,907)	3,738,985
<u>285,996</u>	<u>756,734</u>	<u>214,607</u>	<u>6,329,588</u>
<u>\$ 306,428</u>	<u>\$ 738,126</u>	<u>\$ 211,700</u>	<u>\$ 10,068,573</u>

City of Mound, Minnesota
 Summary Financial Report
 Revenues and Expenditures For General Operations -
 Governmental Funds
 For the Years Ended December 31, 2018 and 2017

Exhibit F-1

	Total		Percent Increase (Decrease)
	2018	2017	
Revenues			
Taxes	\$ 7,021,591	\$ 6,953,226	0.98 %
Licenses and permits	599,415	554,878	8.03
Intergovernmental	936,292	1,831,317	(48.87)
Charges for services	983,571	1,133,595	(13.23)
Fines and forfeitures	36,771	43,137	(14.76)
Special assessments	1,010,004	1,147,612	(11.99)
Interest on investments	63,111	26,970	134.00
Miscellaneous	396,589	372,969	6.33
	<u>\$ 11,047,344</u>	<u>\$ 12,063,704</u>	(8.42) %
Total Revenues	<u>\$ 11,047,344</u>	<u>\$ 12,063,704</u>	(8.42) %
Per Capita	\$ 1,164	\$ 1,284	(9.35) %
Expenditures			
Current			
General government	\$ 1,084,064	\$ 1,140,874	(4.98) %
Public safety	3,423,371	3,466,464	(1.24)
Public works	768,371	744,369	3.22
Culture and recreation	589,083	590,260	(0.20)
Housing and economic development	82,659	69,393	19.12
Capital outlay			
General government	47,965	53,284	(9.98)
Public safety	60,834	19,427	213.14
Public works	1,213,633	2,876,438	(57.81)
Culture and recreation	112,161	133,356	(15.89)
Housing and economic development	69,132	714,474	(90.32)
Debt service			
Principal	2,900,702	3,651,041	(20.55)
Interest and service charges	891,521	901,505	(1.11)
	<u>\$ 11,243,496</u>	<u>\$ 14,360,885</u>	(21.71) %
Total Expenditures	<u>\$ 11,243,496</u>	<u>\$ 14,360,885</u>	(21.71) %
Per Capita	\$ 1,184	\$ 1,529	(22.56) %
Total Long-term Indebtedness	\$ 29,755,660	\$ 29,331,362	1.45 %
Per Capita	3,134	3,122	0.38
General Fund Balance - December 31	\$ 3,332,113	\$ 3,503,008	(4.88) %
Per Capita	351	373	(5.90)

The purpose of this report is to provide a summary of financial information concerning the City of Mound to interested citizens. The complete financial statements may be examined at City Hall, 2415 Wilshire Blvd, Mound, Minnesota 55364. Questions about this report should be directed to Catherine Pausche, Director of Finance and Administration at (952) 472-0633.

STATISTICAL SECTION (UNAUDITED)

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

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STATISTICAL SECTION (UNAUDITED)

This part of the City of Mound's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relocates to the services the government provides and the activities it performs.

City of Mound, Minnesota
Statistical Section (Unaudited)
Net Position by Component
Last Ten Fiscal Years

Table 1

	Fiscal year			
	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	\$ 3,949,460	\$ 3,601,564	\$ 3,798,030	\$ 5,055,574
Restricted	2,410,128	3,815,576	3,286,087	59,497
Unrestricted	4,955,252	5,808,278	6,151,777	4,642,808
Total Governmental Activities Net Position	\$ 11,314,840	\$ 13,225,418	\$ 13,235,894	\$ 9,757,879
Business-type Activities				
Net investment in capital assets	\$ 5,539,318	\$ 5,825,360	\$ 5,947,907	\$ 5,676,107
Restricted	284,539	292,245	-	-
Unrestricted	561,066	648,346	470,211	168,175
Total Business-type Activities Net Position	\$ 6,384,923	\$ 6,765,951	\$ 6,418,118	\$ 5,844,282
Total Primary Government				
Net investment in capital assets	\$ 9,488,778	\$ 9,426,924	\$ 9,745,937	\$ 10,731,681
Restricted	2,694,667	4,107,821	3,286,087	59,497
Unrestricted	5,516,318	6,456,624	6,621,988	4,810,983
Total Primary Government	\$ 17,699,763	\$ 19,991,369	\$ 19,654,012	\$ 15,602,161

Fiscal year					
2013	2014	2015	2016	2017	2018
\$ 5,747,984	\$ 6,361,642	\$ 7,349,615	\$ 8,497,543	\$ 13,280,560	\$ 13,956,997
679,417	2,420,487	3,581,824	5,281,846	4,111,566	5,618,075
6,047,740	6,659,303	7,175,984	7,602,371	6,712,355	7,244,477
<u>\$ 12,475,141</u>	<u>\$ 15,441,432</u>	<u>\$ 18,107,423</u>	<u>\$ 21,381,760</u>	<u>\$ 24,104,481</u>	<u>\$ 26,819,549</u>
\$ 5,496,329	\$ 4,875,047	\$ 4,610,738	\$ 4,410,201	\$ 6,786,181	\$ 7,131,553
-	-	-	-	-	-
415,237	964,859	1,431,411	1,790,488	107,216	(267,659)
<u>\$ 5,911,566</u>	<u>\$ 5,839,906</u>	<u>\$ 6,042,149</u>	<u>\$ 6,200,689</u>	<u>\$ 6,893,397</u>	<u>\$ 6,863,894</u>
\$ 11,244,313	\$ 11,236,689	\$ 11,960,353	\$ 12,907,744	\$ 20,066,741	\$ 21,088,550
679,417	2,420,487	3,581,824	5,281,846	4,111,566	5,618,075
6,462,977	7,624,162	8,607,395	9,392,859	6,819,571	6,976,818
<u>\$ 18,386,707</u>	<u>\$ 21,281,338</u>	<u>\$ 24,149,572</u>	<u>\$ 27,582,449</u>	<u>\$ 30,997,878</u>	<u>\$ 33,683,443</u>

City of Mound, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued of the Following Pages)
Last Ten Fiscal Years

Table 2

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental activities				
General government	\$ 1,157,214	\$ 1,228,001	\$ 1,140,001	\$ 1,067,294
Public safety	3,571,672	3,483,815	3,559,118	3,546,902
Public works	1,277,870	1,624,129	1,893,258	1,566,014
Culture and recreation	742,578	847,570	712,948	705,902
Housing and economic development	684,616	131,240	132,525	185,098
Interest on long-term debt	1,448,381	1,381,408	1,347,585	1,281,873
Total Governmental Activities Expenses	<u>8,882,331</u>	<u>8,696,163</u>	<u>8,785,435</u>	<u>8,353,083</u>
Business-type activities				
Water	1,502,995	1,541,799	1,553,216	1,535,865
Sewer	1,608,798	1,574,547	1,834,709	2,064,511
Municipal liquor	601,679	2,632,655	2,601,417	2,656,274
Recycling	231,924	218,826	213,015	190,192
Storm water	360,736	382,794	371,598	373,616
HRA public housing	333,509	364,500	303,275	266,751
Total Business-type Activities Expenses	<u>4,639,641</u>	<u>6,715,121</u>	<u>6,877,230</u>	<u>7,087,209</u>
Total Expenses	<u>\$ 13,521,972</u>	<u>\$ 15,411,284</u>	<u>\$ 15,662,665</u>	<u>\$ 15,440,292</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 319,739	\$ 303,195	\$ 317,950	\$ 300,526
Public safety	700,371	811,223	851,770	829,053
Public works	173,602	239,815	205,338	107,569
Culture and recreation	188,597	175,335	200,262	202,571
Housing and economic development	247,967	251,549	239,255	111,291
Operating grants and contributions	325,375	114,760	113,995	164,908
Capital grants and contributions	1,951,062	3,049,533	354,707	2,012,622
Total Governmental Activities Program Revenue	<u>3,906,713</u>	<u>4,945,410</u>	<u>2,283,277</u>	<u>3,728,540</u>
Business-type activities				
Charges for services				
Water	1,011,968	1,222,848	1,525,082	1,672,286
Sewer	1,446,106	1,404,087	1,457,360	1,446,577
Municipal liquor	693,974	2,738,976	2,677,882	2,835,506
Recycling	205,659	203,375	203,312	175,799
Storm water	171,683	255,633	353,293	359,905
HRA public housing	133,764	162,546	125,578	139,423
Operating grants and contributions	144,398	176,269	148,453	145,772
Capital grants and contributions	143,250	80,040	45,967	15,257
Total Business-type Activities Program Revenue	<u>3,950,802</u>	<u>6,243,774</u>	<u>6,536,927</u>	<u>6,790,525</u>
Total Program Revenues	<u>\$ 7,857,515</u>	<u>\$ 11,189,184</u>	<u>\$ 8,820,204</u>	<u>\$ 10,519,065</u>

Table 2

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 1,094,663	\$ 1,011,092	\$ 1,143,872	\$ 1,137,472	\$ 1,168,554	\$ 1,105,111
3,032,904	3,094,017	3,345,326	3,563,263	3,760,227	3,684,407
1,653,646	1,732,405	1,644,679	1,666,696	1,743,263	2,113,037
676,087	673,660	707,988	651,029	710,673	660,464
107,917	88,092	84,064	107,601	829,207	197,131
1,051,549	1,048,331	930,353	912,412	882,349	692,731
<u>7,616,766</u>	<u>7,647,597</u>	<u>7,856,282</u>	<u>8,038,473</u>	<u>9,094,273</u>	<u>8,452,881</u>
1,717,417	1,776,204	1,763,673	1,803,974	1,926,287	1,950,571
1,860,943	2,045,238	2,146,860	2,097,118	2,096,323	2,247,194
2,684,037	2,699,280	2,732,378	2,848,011	2,923,079	2,907,960
189,576	181,571	182,673	182,133	200,399	199,927
375,568	378,573	375,853	389,394	393,363	393,803
312,388	327,318	330,939	320,944	-	-
<u>7,139,929</u>	<u>7,408,184</u>	<u>7,532,376</u>	<u>7,641,574</u>	<u>7,539,451</u>	<u>7,699,455</u>
<u>\$ 14,756,695</u>	<u>\$ 15,055,781</u>	<u>\$ 15,388,658</u>	<u>\$ 15,680,047</u>	<u>\$ 16,633,724</u>	<u>\$ 16,152,336</u>
\$ 294,247	\$ 300,624	\$ 340,691	\$ 350,087	\$ 341,676	\$ 327,565
855,874	865,539	1,222,890	1,310,451	1,382,033	1,238,004
77,875	94,104	118,533	124,524	84,554	58,320
219,263	228,854	231,716	253,328	294,000	389,308
163,975	211,928	-	9,967	1,245	-
114,401	113,136	251,738	125,361	148,745	154,653
1,921,085	1,945,142	1,279,161	1,701,151	2,088,315	1,365,758
<u>3,646,720</u>	<u>3,759,327</u>	<u>3,444,729</u>	<u>3,874,869</u>	<u>4,340,568</u>	<u>3,533,608</u>
1,887,698	1,626,188	1,800,376	1,959,567	2,121,051	2,049,587
1,523,307	1,767,515	1,888,094	2,086,544	2,322,975	2,245,261
2,887,315	2,919,731	2,965,068	3,053,772	3,159,784	3,106,187
169,744	177,849	183,141	183,394	181,342	179,468
404,162	479,588	507,892	553,576	473,241	155,125
132,679	133,205	141,163	129,839	-	-
191,176	144,127	163,699	167,350	-	-
54,243	77,855	115,521	72,570	80,358	25,573
<u>7,250,324</u>	<u>7,326,058</u>	<u>7,764,954</u>	<u>8,206,612</u>	<u>8,338,751</u>	<u>7,761,201</u>
<u>\$ 10,897,044</u>	<u>\$ 11,085,385</u>	<u>\$ 11,209,683</u>	<u>\$ 12,081,481</u>	<u>\$ 12,679,319</u>	<u>\$ 11,294,809</u>

City of Mound, Minnesota
Statistical Section (Unaudited)
Changes in Net Position (Continued)
Last Ten Fiscal Years

Table 2

	Fiscal Year			
	2009	2010	2011	2012
Program Revenues (Continued)				
Net (expenses) revenues				
Governmental activities	\$ (4,975,618)	\$ (3,750,753)	\$ (6,502,158)	\$ (4,624,543)
Business-type activities	(688,839)	(471,347)	(340,303)	(296,684)
Total Primary Government	<u>\$ (5,664,457)</u>	<u>\$ (4,222,100)</u>	<u>\$ (6,842,461)</u>	<u>\$ (4,921,227)</u>
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 5,822,973	\$ 5,943,462	\$ 5,981,824	\$ 5,944,240
Franchise taxes	330,276	427,258	408,821	402,789
State grants and contributions not restricted to specific programs	99,239	100,707	93,731	7,208
Unrestricted investment earnings	36,100	32,041	19,820	5,299
Gain on sale of capital assets	7,081	9,041	-	10,546
Transfers - capital assets	-	(851,178)	-	-
Transfers - internal activities	139,534	-	8,438	65,452
Special item - sale of property	-	-	-	(4,790,000)
Total Governmental Activities General Revenues	<u>6,435,203</u>	<u>5,661,331</u>	<u>6,512,634</u>	<u>1,645,534</u>
Business-type activities				
Unrestricted investment earnings	5,962	1,197	908	1,989
Gain on sale of capital assets	10,000	-	-	12,967
Transfers - capital assets	-	851,178	-	-
Transfers - internal activities	(139,534)	-	(8,438)	(65,452)
Total Business-type Activities General Revenues	<u>(123,572)</u>	<u>852,375</u>	<u>(7,530)</u>	<u>(50,496)</u>
Total Primary Government	<u>\$ 6,311,631</u>	<u>\$ 6,513,706</u>	<u>\$ 6,505,104</u>	<u>\$ 1,595,038</u>
Change in Net Position				
Governmental activities	\$ 1,459,585	\$ 1,910,578	\$ 10,476	\$ (2,979,009)
Business-type activities	(812,411)	381,028	(347,833)	(347,180)
Total Primary Government	<u>\$ 647,174</u>	<u>\$ 2,291,606</u>	<u>\$ (337,357)</u>	<u>\$ (3,326,189)</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ (3,970,046)	\$ (3,888,270)	\$ (4,411,553)	\$ (4,163,604)	\$ (4,753,705)	\$ (4,919,273)
110,395	(82,126)	232,578	565,038	799,300	61,746
<u>\$ (3,859,651)</u>	<u>\$ (3,970,396)</u>	<u>\$ (4,178,975)</u>	<u>\$ (3,598,566)</u>	<u>\$ (3,954,405)</u>	<u>\$ (4,857,527)</u>
\$ 6,169,021	\$ 6,068,495	\$ 6,236,580	\$ 6,500,525	\$ 6,510,322	\$ 6,638,769
412,071	412,506	412,295	423,042	405,178	406,501
6,116	297,791	331,693	340,471	347,390	383,843
5,144	7,240	8,815	12,514	26,970	63,111
21,190	7,000	28,668	103,984	56,300	14,045
-	-	-	-	-	-
73,766	332,292	59,493	57,405	130,266	128,072
-	-	-	(373,182)	-	-
<u>6,687,308</u>	<u>7,125,324</u>	<u>7,077,544</u>	<u>7,064,759</u>	<u>7,476,426</u>	<u>7,634,341</u>
4,655	1,995	3,658	10,755	13,391	36,823
26,000	70,000	25,500	13,334	10,283	-
-	-	-	-	-	-
(73,766)	(332,292)	(59,493)	(57,405)	(130,266)	(128,072)
<u>(43,111)</u>	<u>(260,297)</u>	<u>(30,335)</u>	<u>(33,316)</u>	<u>(106,592)</u>	<u>(91,249)</u>
<u>\$ 6,644,197</u>	<u>\$ 6,865,027</u>	<u>\$ 7,047,209</u>	<u>\$ 7,031,443</u>	<u>\$ 7,369,834</u>	<u>\$ 7,543,092</u>
\$ 2,717,262	\$ 3,237,054	\$ 2,665,991	\$ 2,901,155	\$ 2,722,721	\$ 2,715,068
67,284	(342,423)	202,243	531,722	692,708	(29,503)
<u>\$ 2,784,546</u>	<u>\$ 2,894,631</u>	<u>\$ 2,868,234</u>	<u>\$ 3,432,877</u>	<u>\$ 3,415,429</u>	<u>\$ 2,685,565</u>

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City of Mound, Minnesota
 Statistical Section (Unaudited)
 Governmental Activities Tax Revenues by Source
 Last Ten Fiscal Years

Table 3

Fiscal Year	Property Tax	Franchise Tax	Total
2009	\$ 5,822,973	\$ 330,276	\$ 6,153,249
2010	5,943,462	427,258	6,370,720
2011	5,981,824	408,821	6,390,645
2012	5,944,240	402,789	6,347,029
2013	6,169,021	412,071	6,581,092
2014	6,068,495	412,506	6,481,001
2015	6,236,580	412,295	6,648,875
2016	6,500,525	423,042	6,923,567
2017	6,510,322	405,178	6,915,500
2018	6,638,769	406,501	7,045,270

City of Mound, Minnesota
Statistical Section (Unaudited)
Fund Balances of Governmental Funds
Last Ten Fiscal Years

Table 4

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Reserved	\$ 531,092	\$ 597,791	\$ -	\$ -
Unreserved	1,588,254	1,699,009	-	-
Total General Fund	<u>\$ 2,119,346</u>	<u>\$ 2,296,800</u>	<u>\$ -</u>	<u>\$ -</u>
All other Governmental Funds				
Reserved	\$ 3,569,226	\$ 4,162,513	\$ -	\$ -
Unreserved, reported in				
Special revenue funds	448,678	471,300	-	-
Capital project funds	1,391,124	944,703	-	-
Total all other Governmental Funds	<u>\$ 5,409,028</u>	<u>\$ 5,578,516</u>	<u>\$ -</u>	<u>\$ -</u>
After Implementation of GASB 54				
General Fund				
Nonspendable	\$ -	\$ -	\$ 566,914	\$ 522,707
Restricted	-	-	13,084	-
Assigned	-	-	584,717	385,420
Unassigned	-	-	1,278,726	1,345,459
Total General Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,443,441</u>	<u>\$ 2,253,586</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ 2,221	\$ -
Restricted	-	-	4,087,484	3,750,346
Assigned	-	-	1,726,974	1,761,587
Unassigned	-	-	(30,604)	-
Total All Other Governmental Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,786,075</u>	<u>\$ 5,511,933</u>

Note: GASB 54 was implemented beginning in 2011.

Table 4

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 443,967	\$ 361,707	\$ 276,834	\$ 190,739	\$ 100,673	\$ -
-	-	-	28,084	97,184	20,019
283,602	272,860	290,300	344,560	460,695	514,907
<u>1,637,080</u>	<u>1,963,345</u>	<u>2,347,131</u>	<u>2,725,710</u>	<u>2,844,456</u>	<u>2,797,187</u>
<u>\$ 2,364,649</u>	<u>\$ 2,597,912</u>	<u>\$ 2,914,265</u>	<u>\$ 3,289,093</u>	<u>\$ 3,503,008</u>	<u>\$ 3,332,113</u>
\$ 6,701	\$ -	\$ -	\$ 106,665	\$ 107,760	\$ 107,760
4,444,972	5,264,220	6,385,888	7,950,914	6,605,379	10,210,602
2,248,345	2,463,334	2,636,566	2,607,179	1,656,628	1,719,268
<u>(8,769)</u>	<u>(42,244)</u>	<u>(44,793)</u>	<u>(60,771)</u>	<u>(90,310)</u>	<u>(148,250)</u>
<u>\$ 6,691,249</u>	<u>\$ 7,685,310</u>	<u>\$ 8,977,661</u>	<u>\$ 10,603,987</u>	<u>\$ 8,279,457</u>	<u>\$ 11,889,380</u>

City of Mound, Minnesota
Statistical Section (Unaudited)
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

Table 5

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Taxes	\$ 6,162,613	\$ 6,334,761	\$ 6,449,549	\$ 6,371,422
Licenses and permits	288,558	320,834	348,655	323,677
Intergovernmental	1,074,084	1,461,351	306,435	566,177
Charges for services	714,891	1,526,274	1,528,166	1,264,393
Fines and forfeitures	63,370	59,190	62,867	58,845
Special assessments	762,015	893,071	646,865	902,189
Interest on investments	36,100	32,041	19,820	5,299
Miscellaneous	908,862	177,192	149,887	189,095
Total Revenues	<u>10,010,493</u>	<u>10,804,714</u>	<u>9,512,244</u>	<u>9,681,097</u>
Expenditures				
General government	1,145,306	1,201,380	1,112,840	1,088,263
Public safety	3,339,707	3,193,999	3,346,703	3,347,165
Public works	896,043	700,981	712,150	772,473
Culture and recreation	625,517	647,192	564,964	583,193
Housing and economic development	282,111	44,834	51,441	49,213
Capital outlay	3,879,048	1,971,747	3,601,348	2,980,992
Debt service				
Principal	1,381,000	1,357,000	1,548,000	2,354,454
Interest and other	1,409,050	1,349,680	1,360,812	1,399,287
Total Expenditures	<u>12,957,782</u>	<u>10,466,813</u>	<u>12,298,258</u>	<u>12,575,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,947,289)</u>	<u>337,901</u>	<u>(2,786,014)</u>	<u>(2,893,943)</u>
Other Financing Sources (Uses)				
Transfers in	2,015,842	609,982	579,053	997,528
Transfers out	(1,876,308)	(609,982)	(570,615)	(932,076)
Bonds issued	8,385,000	-	7,450,000	6,570,000
Bonds refunded	(4,010,000)	-	(4,349,714)	(4,239,019)
Deferred charges on bonds issued	-	-	-	22,967
Sale of capital assets	19,492	9,041	31,490	10,546
Total Other Financing Sources (Uses)	<u>4,534,026</u>	<u>9,041</u>	<u>3,140,214</u>	<u>2,429,946</u>
Net Change in Fund Balances	<u>\$ 1,586,737</u>	<u>\$ 346,942</u>	<u>\$ 354,200</u>	<u>\$ (463,997)</u>
Debt Service as a Percentage of Noncapital Expenditures	29.8%	29.7%	31.5%	38.1%

Table 5

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 6,602,770	\$ 6,512,580	\$ 6,615,397	\$ 6,928,660	\$ 6,953,226	\$ 7,021,591
390,433	435,867	483,454	502,724	554,878	599,415
224,139	622,969	914,000	1,366,113	1,831,317	936,292
918,354	908,848	985,139	1,039,223	1,133,595	983,571
68,435	65,071	57,242	44,022	43,137	36,771
1,173,004	1,231,481	1,210,186	1,123,120	1,147,612	1,010,004
5,144	7,240	8,815	12,514	26,970	63,111
516,952	574,203	536,145	462,248	372,969	396,589
<u>9,899,231</u>	<u>10,358,259</u>	<u>10,810,378</u>	<u>11,478,624</u>	<u>12,063,704</u>	<u>11,047,344</u>
1,071,935	1,011,539	1,117,105	1,124,242	1,140,874	1,084,064
3,107,825	3,176,801	3,142,873	3,348,707	3,466,464	3,423,371
743,382	764,378	734,442	702,586	744,369	768,371
551,285	570,893	544,335	528,182	590,260	589,083
40,655	38,466	38,724	57,906	69,393	82,659
2,880,155	1,261,780	1,248,810	4,037,845	3,796,979	1,503,725
2,045,285	2,269,605	2,412,381	2,493,041	3,651,041	2,900,702
1,194,296	1,091,765	991,165	901,350	901,505	891,521
<u>11,634,818</u>	<u>10,185,227</u>	<u>10,229,835</u>	<u>13,193,859</u>	<u>14,360,885</u>	<u>11,243,496</u>
<u>(1,735,587)</u>	<u>173,032</u>	<u>580,543</u>	<u>(1,715,235)</u>	<u>(2,297,181)</u>	<u>(196,152)</u>
528,338	884,929	571,914	574,490	730,712	1,635,107
(454,572)	(552,637)	(512,421)	(517,085)	(600,446)	(1,507,035)
4,280,000	1,655,000	6,100,000	3,555,000	-	3,325,000
(1,485,000)	(940,000)	(5,160,000)	-	-	-
136,010	-	-	-	-	168,063
21,190	7,000	28,668	103,984	56,300	14,045
<u>3,025,966</u>	<u>1,054,292</u>	<u>1,028,161</u>	<u>3,716,389</u>	<u>186,566</u>	<u>3,635,180</u>
<u>\$ 1,290,379</u>	<u>\$ 1,227,324</u>	<u>\$ 1,608,704</u>	<u>\$ 2,001,154</u>	<u>\$ (2,110,615)</u>	<u>\$ 3,439,028</u>
36.4%	37.0%	37.3%	36.5%	39.9%	37.5%

City of Mound, Minnesota
Statistical Section (Unaudited)
Tax Capacity and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Shown by Year of Tax Collectability)

Table 6

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Real Property	\$ 1,320,854,200	\$ 1,193,269,400	\$ 1,803,054,600	\$ 982,868,200
Personal Property	<u>3,932,700</u>	<u>4,298,200</u>	<u>4,345,400</u>	<u>4,852,200</u>
Estimated Actual Value	<u>\$ 1,436,698,500</u>	<u>\$ 1,197,567,600</u>	<u>\$ 1,807,400,000</u>	<u>\$ 987,720,400</u>
Tax Capacity	\$ 14,997,205	\$ 14,166,216	\$ 12,685,320	\$ 10,972,410
Contribution to Fiscal Disparities Pool	(328,144)	(323,813)	(263,339)	(242,557)
Receivable from Fiscal Disparities Pool	991,717	999,789	967,141	861,664
Tax Increment	<u>(704,420)</u>	<u>(549,076)</u>	<u>(444,093)</u>	<u>(370,849)</u>
Total Tax Capacity	<u>\$ 14,956,358</u>	<u>\$ 14,293,116</u>	<u>\$ 12,945,029</u>	<u>\$ 11,220,668</u>
Tax Levies				
General	\$ 3,726,374	\$ 4,119,163	\$ 3,726,961	\$ 3,474,798
Debt service	1,372,809	1,106,660	1,602,788	1,508,533
Fire relief	74,404	76,030	78,311	82,069
Housing and redevelopment authority	<u>244,654</u>	<u>243,898</u>	<u>244,407</u>	<u>220,823</u>
Total	<u>\$ 5,418,241</u>	<u>\$ 5,545,751</u>	<u>\$ 5,652,467</u>	<u>\$ 5,286,223</u>
Tax Capacity Rate				
General	24.915 %	28.819 %	28.791 %	31.240 %
Debt service	9.179	7.743	12.381	13.575
Fire relief	0.497	0.532	0.605	0.738
Housing and redevelopment authority	<u>1.636</u>	<u>1.706</u>	<u>1.888</u>	<u>1.974</u>
Total	<u>36.227 %</u>	<u>38.800 %</u>	<u>43.665 %</u>	<u>47.527 %</u>

Table 6

2013	2014	2015	2016	2017	2018
\$ 956,361,700	\$ 1,059,788,500	\$ 1,078,295,400	\$ 1,078,295,400	\$ 1,175,358,600	\$ 1,225,075,100
<u>4,906,600</u>	<u>5,124,200</u>	<u>5,002,600</u>	<u>5,002,600</u>	<u>5,203,600</u>	<u>5,925,000</u>
<u>\$ 961,268,300</u>	<u>\$ 1,064,912,700</u>	<u>\$ 1,083,298,000</u>	<u>\$ 1,083,298,000</u>	<u>\$ 1,180,562,200</u>	<u>\$ 1,231,000,100</u>
\$ 9,917,462	\$ 9,609,636	\$ 10,766,187	\$ 10,992,202	\$ 12,084,264	\$ 12,659,733
(251,926)	(263,862)	(261,070)	(276,900)	(299,684)	(327,418)
852,575	836,694	861,823	848,636	887,186	966,291
<u>(327,557)</u>	<u>(311,005)</u>	<u>(384,355)</u>	<u>(488,930)</u>	<u>(569,772)</u>	<u>(619,616)</u>
<u>\$ 10,190,554</u>	<u>\$ 9,871,463</u>	<u>\$ 10,982,585</u>	<u>\$ 11,075,008</u>	<u>\$ 12,101,994</u>	<u>\$ 12,678,990</u>
\$ 3,544,294	\$ 3,394,294	\$ 3,496,123	\$ 3,601,007	\$ 3,492,976	\$ 3,580,301
1,694,690	1,975,650	1,981,068	1,981,102	2,031,250	2,056,154
83,782	78,920	67,171	67,063	68,560	68,001
<u>191,194</u>	<u>182,728</u>	<u>177,835</u>	<u>197,008</u>	<u>200,410</u>	<u>218,404</u>
<u>\$ 5,513,960</u>	<u>\$ 5,631,592</u>	<u>\$ 5,722,197</u>	<u>\$ 5,846,180</u>	<u>\$ 5,793,196</u>	<u>\$ 5,922,860</u>
35.172 %	35.214 %	32.185 %	33.170 %	29.184 %	30.463 %
16.847	19.197	17.314	17.329	16.102	13.917
0.831	0.839	0.587	0.586	0.543	0.543
<u>1.868</u>	<u>1.850</u>	<u>1.600</u>	<u>1.794</u>	<u>1.646</u>	<u>1.729</u>
<u>54.718 %</u>	<u>57.100 %</u>	<u>51.686 %</u>	<u>52.879 %</u>	<u>47.475 %</u>	<u>46.652 %</u>

City of Mound, Minnesota
 Statistical Section (Unaudited)
 Property Tax Capacity Rates - Direct and Overlapping Debt
 Last Ten Fiscal Years

Table 7

Year Taxes Payable	City	City HRA	County	School	Watershed	Misc.	Total
2009	36.227 %	1.657 %	40.413 %	8.284 %	1.489 %	7.154 %	95.224 %
2010	38.800	1.711	42.640	9.772	1.511	8.138	102.572
2011	43.665	1.903	45.840	10.900	1.606	9.172	113.086
2012	47.527	1.974	48.231	17.262	1.705	9.523	126.222
2013	54.718	1.868	49.461	18.119	1.769	10.089	136.024
2014	55.250	1.850	49.959	19.075	1.806	10.561	138.501
2015	50.086	1.600	46.398	20.377	1.738	9.785	129.984
2016	51.085	1.794	45.356	19.991	1.724	9.530	129.480
2017	45.829	1.646	44.087	20.744	1.738	9.319	123.363
2018	44.923	1.729	42.808	20.298	1.694	8.973	120.425

The direct rate of the City of Mound is calculated in more detail in Table 6 of this report. Please see page 138 for said calculation and detail.

City of Mound, Minnesota
Statistical Section (Unaudited)
Principal Property Taxpayers
December 31, 2018 - December 31, 2009

Table 8

Taxpayer	Type of Property	2018			2009		
		Total Tax	Rank	Percent of Total Tax	Total Tax	Rank	Percent of Total Tax
SCL Holdings-Mound, LLC	Commercial	\$ 162,250	1	1.28 %	\$ -	-	- %
Metro Storage -Mound LLC	Industrial	98,810	2	0.78	47,425	6	0.32
Grandview Minnesota, LLC	Residential - Apartment	81,488	3	0.64	65,750	5	0.44
Walgreens Company	Commercial	56,190	4	0.44	-	-	-
Balboa Minnesota Co.	Industrial	52,150	5	0.41	85,649	3	0.57
EGR Premier Properties LLC	Commercial	42,930	6	0.34	-	-	-
IKM Limited Partnership	Housing - Low Income	40,050	7	0.32	-	-	-
LHB Properties LLC	Residential - Apartment	28,738	8	0.23	-	-	-
Wells Fargo Bank NA	Commercial	26,070	9	0.21	-	-	-
Northern States Power Company	Utilities	25,110	10	0.20	-	-	-
Judith J Dunham	Residential	-	-	-	-	-	-
Goelzer/Richardson, LLP	Commercial	-	-	-	144,266	2	0.96
Beth D. Saliterman	Commercial	-	-	-	81,183	4	0.54
Vernon & Nancy Hoium	Commercial	-	-	-	36,696	8	0.24
Ray Mar Properties	Commercial	-	-	-	37,529	7	0.25
Speedway Super America	Commercial	-	-	-	31,630	9	0.21
Mound Marketplace, LLC	Commercial	-	-	-	245,775	1	1.64
Citizens Telecomm Co. MN	Commercial	-	-	-	25,082	10	0.17
Total		\$ 613,786		4.85 %	\$ 800,985		5.34 %

Source: Hennepin County Taxpayer Services Department

City of Mound, Minnesota
 Statistical Section (Unaudited)
 Property Tax Levies and Collections
 Last Ten Fiscal Years

Table 9

Fiscal Year	Total Levy	Collection of Current Year's Levy	Percentage of Levy Collected	Collection of Prior Years' Levy	Total Collections	Percentage of Total Collections to Levy
2009	\$ 5,418,241	\$ 5,266,928	97.21 %	\$ 151,313	\$ 5,418,241	100.00 %
2010	5,545,751	5,435,229	98.01	110,522	5,545,751	100.00
2011	5,652,467	5,567,117	98.49	85,350	5,652,467	100.00
2012	5,286,223	5,216,524	98.68	69,699	5,286,223	100.00
2013	5,513,960	5,458,298	98.99	54,165	5,512,463	99.97
2014	5,631,592	5,583,247	99.14	44,952	5,628,199	99.94
2015	5,722,197	5,662,691	98.96	55,347	5,718,038	99.93
2016	5,846,180	5,792,843	99.09	45,743	5,838,586	99.87
2017	5,793,196	5,760,438	99.43	22,138	5,782,576	99.82
2018	5,922,860	5,873,097	99.16	-	5,873,097	99.16

See the Tax Capacity and Estimated Actual Value of Taxable Property table on page 130 for tax levy information.

City of Mound, Minnesota
Statistical Section (Unaudited)
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Table 10

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Tax Increment Bonds	Lease Revenue Bonds	Capital Leases	General Obligation Revenue Bonds	General Obligation Bonds			
2009	\$19,488,714	\$ 8,912,000	\$ 5,610,000	\$ 44,174	\$ 15,370,000	\$ 1,015,287	\$50,440,175	11.46 %	\$ 5,154
2010	18,591,714	8,712,000	5,350,000	30,158	14,940,000	960,288	48,584,160	11.54	5,367
2011	20,626,000	8,505,000	5,075,000	15,188	18,045,000	-	52,266,188	11.82	5,754
2012	25,975,715	8,222,000	-	-	19,921,285	-	54,119,000	11.69	5,876
2013	27,052,430	7,895,000	-	-	23,532,570	-	58,480,000	12.33	6,309
2014	25,862,825	7,530,000	-	-	26,731,175	-	60,124,000	12.16	6,464
2015	24,767,444	7,153,000	-	-	30,337,556	-	62,258,000	12.08	6,693
2016	26,262,403	6,720,000	-	-	34,122,597	-	67,105,000	13.00	7,202
2017	23,072,362	6,259,000	-	-	30,157,638	-	59,489,000	11.52	6,333
2018	22,108,660	7,647,000	-	-	32,476,340	-	62,232,000	11.43	6,555

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See the Demographic and Economic Statistics table on page 141 for personal income and population data.

City of Mound, Minnesota
 Statistical Section (Unaudited)
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Table 11

Fiscal Year	Estimated Population	Tax Capacity	Gross Bonded Debt	Less Restricted Fund Balance for Debt Service	Net Bonded Debt	Ratio of Net Bonded Debt to Tax Capacity	Net Bonded Debt Per Capita
2009	9,787	\$ 14,956,358	\$50,396,001	\$ 3,569,226	\$46,826,775	313.09	\$ 4,785
2010	9,052	14,293,116	48,554,002	4,160,137	44,393,865	310.60	4,904
2011	9,084	12,945,029	52,251,000	3,937,444	48,313,556	373.22	5,319
2012	9,210	11,220,668	54,119,000	3,690,849	50,428,151	449.42	5,475
2013	9,270	10,190,554	58,480,000	4,381,062	54,098,938	530.87	5,836
2014	9,302	9,871,463	60,124,000	2,180,474	57,943,526	586.98	6,229
2015	9,302	10,982,585	62,258,000	2,553,254	59,704,746	543.63	6,418
2016	9,318	11,075,008	67,105,000	3,912,655	63,192,345	570.59	6,782
2017	9,394	12,101,994	59,489,000	3,738,591	55,750,409	460.67	5,935
2018	9,494	12,678,990	62,232,000	5,456,027	56,775,973	447.80	5,980

Year 2010 population from US Census

See the Demographic and Economic Statistics table on page 141 for population data.

See the Tax Capacity and Estimated Actual Value of Taxable Property table on page 130 for tax capacity information.

City of Mound, Minnesota
 Statistical Section (Unaudited)
 Computation of Direct and Overlapping Debt
 December 31, 2018

Table 12

	Total Debt	Net Debt Outstanding	Percent of Debt Applicable to City*	City of Mound Share of Debt
Direct Debt				
City of Mound	\$ 29,755,660	\$ 24,299,633	100.00 %	\$ 24,299,633
Overlapping Debt				
Hennepin County	\$ 1,225,230,000	1,056,890,798	0.76	8,032,370
School District #277	43,065,000	42,433,343	30.66	13,010,063
Hennepin Suburb Park District	66,300,000	43,575,708	1.07	466,260
Hennepin Regional RR Authority	29,865,000	24,600,380	1.07	263,224
Metropolitan Council	1,549,087,966	75,902,689	0.36	273,250
Total Overlapping Debt	<u>2,913,547,966</u>	<u>1,243,402,918</u>	<u>33.92</u>	<u>22,045,167</u>
Total Direct and Overlapping Debt	<u>\$ 2,913,547,966</u>	<u>\$ 1,243,402,918</u>	<u>1.77 %</u>	<u>\$ 22,045,167</u>

* The percentage of overlapping debt applicable is estimated using taxable market property values. Applicable percentages were estimated by determining the portion of the county's taxable market value that is within the City's boundaries and dividing it by the county's total taxable market value.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognized that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Hennepin County Taxpayer Services Department

City of Mound, Minnesota
 Statistical Section (Unaudited)
 Legal Debt Margin Information
 Last Ten Fiscal Years

Table 13

	Fiscal Year			
	2009	2010	2011	2012
Debt Limit	\$ 43,301,811	\$ 39,743,607	\$ 35,927,028	\$ 54,222,000
Total Net Debt Applicable to Limit	<u>1,044,714</u>	<u>844,714</u>	<u>475,000</u>	<u>350,000</u>
Legal Debt Margin	<u>\$ 42,257,097</u>	<u>\$ 38,898,893</u>	<u>\$ 35,452,028</u>	<u>\$ 53,872,000</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	2.4%	2.1%	1.3%	0.6%

Note: Under state law, the City's outstanding general obligation debt should not exceed 3 percent of the market value of taxable property. Prior to 2008, state law provided that general obligation debt should not exceed 2 percent. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the extinguishment of those obligations.

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 29,631,612	\$ 28,838,049	\$ 31,947,381	\$ 32,498,940	\$ 35,416,866	\$ 36,930,003
260,000	200,000	-	730,000	730,000	680,000
<u>\$ 29,371,612</u>	<u>\$ 28,638,049</u>	<u>\$ 31,947,381</u>	<u>\$ 31,768,940</u>	<u>\$ 34,686,866</u>	<u>\$ 36,250,003</u>
0.9%	0.7%	0.0%	2.2%	2.1%	1.8%

Legal Debt Margin Calculation

Taxable Market Value	<u>\$ 1,231,000,100</u>
Debt Limit (3 Percent of Market Value)	\$ 36,930,003
Debt Applicable to Limit	<u>680,000</u>
Legal Debt Margin	<u>\$ 36,250,003</u>

City of Mound, Minnesota
 Statistical Section (Unaudited)
 Revenue Bond Coverage
 Last Ten Fiscal Years

Table 14

Fiscal Year	Gross Revenue	(1)	(2) Expenses	Net Revenue Available	Debt Service			Ratio of Net Revenue to Debt Service
					Principal	Interest	Total	
2009	\$ 3,322,515	(1)	\$ 2,570,970	\$ 751,545	\$ 540,000	\$ 551,495	\$ 1,091,495	0.689 to 1
2010	3,601,066	(1)	2,482,888	1,118,178	545,000	718,059	1,263,059	0.885 to 1
2011	3,981,850	(1)	2,552,024	1,429,826	2,890,286	665,619	3,555,905	0.402 to 1
2012	3,981,850	(3)	2,552,024	1,429,826	1,918,714	700,846	2,619,560	0.546 to 1
2013	4,551,776	(3)	2,486,823	2,064,953	873,717	633,679	1,507,396	1.370 to 1
2014	4,632,193	(3)	2,602,295	2,029,898	3,301,396	782,482	4,083,878	0.497 to 1
2015	4,976,900	(3)	2,667,490	2,309,410	1,263,620	663,207	1,926,827	1.199 to 1
2016	5,355,569	(3)	2,432,607	2,922,962	1,454,959	891,549	2,346,508	1.246 to 1
2017	5,745,316	(3)	2,517,171	3,228,145	3,964,959	887,248	4,852,207	.665 to 1
2018	5,247,587	(3)	2,832,282	2,415,305	1,876,298	692,110	2,568,408	.940 to 1

(1) Includes Liquor, Water, Sewer and Storm Water Funds

(2) Excluding depreciation, interest on bonds, and transfers

(3) Includes Water, Sewer and Storm Water Funds

City of Mound, Minnesota
 Statistical Section (Unaudited)
 Demographic and Economic Statistics
 Last Ten Years

Table 15

Fiscal Year	Estimated Population	Number of Households	Persons per Household	Total Personal Income	Per Capita Personal Income	Median Age	K-12 School Enrollment	Unemployment Rate
2009	9,787	4,220	2.32	\$ 440,189,899	44,977	40.5	2,107	6.7
2010	9,052	3,974	2.28	420,481,414	46,498	42.4	2,218	6.1
2011	9,084	3,987	2.27	444,822,294	48,657	43.4	2,227	5.2
2012	9,210	3,997	2.30	464,452,660	50,260	44.0	2,255	4.8
2013	9,270	4,045	2.33	474,671,142	51,183	43.8	2,187	4.0
2014	9,302	4,045	2.33	494,975,460	53,166	44.2	2,253	3.0
2015	9,302	4,072	2.28	528,171,755	56,495	44.2	2,238	2.8
2016	9,318	4,089	2.28	544,534,179	57,751	42.0	2,321	2.7
2017	9,394 ⁽¹⁾	4,085 ⁽²⁾	2.33	568,507,512 ⁽³⁾	59,736 ⁽⁴⁾	42.0 ⁽⁵⁾	2,358	2.4
2018	9,494 *	4,085 *	2.33 ⁽²⁾	854,017,512	89,736 *	46.0 *	2,460 ⁽⁶⁾	2.1 ⁽⁷⁾

Sources

In general, all prior year data was extracted from previous City of Mound Comprehensive Annual Financial Reports.

- (1) US Department of Commerce - Census Bureau
- (2) State of MN - Office of Geographic and Demographic Analysis
- (3) Calculated by the City
- (4) US Department of Commerce - Bureau of Economic Analysis
- (5) US Department of Commerce - Census Bureau
- (6) Westonka ISD
- (7) State of MN - Department of Employment and Economic Development

* Information not available at the time of publication, so the previous year data was used. Information will be updated in future years.

City of Mound, Minnesota
Statistical Section (Unaudited)
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Table 16

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government	11	9	6	6	6	5	5	5	5	5
Police										
Officers	13	13	12	13	*	*	*	*	*	*
Civilians	1	1	1	1	*	*	*	*	*	*
Reserve Officers (1)	7	6	6	6	*	*	*	*	*	*
Fire										
Firefighters and officers	1	1	1	1	1	1	1	1	1	1
Civilians	1	1	1	1	1	1	1	1	1	1
Volunteers (2)	43	42	41	38	39	40	39	39	39	38
Public Works										
Engineering	2	2	2	2	2	2	2	2	2	2
Maintenance	4	3	3	2	3	3	2	5	3	4
Culture and Recreation										
Parks	4	4	4	3	3	2	3	3	3	3
Seasonal Park Maintenance (3)	2	2	2	2	2	2	2	2	2	2
Economic Development										
Planning	2	2	2	2	2	2	2	2	2	2
Code Enforcement	-	-	-	-	-	1	1	1	1	1
Water	3	3	3	3	3	3	3	2	2	3
Sewer	3	3	3	3	3	3	3	2	2	3
Municipal Liquor Store	6	6	6	6	5	6	6	6	6	7
Total	103	98	93	89	70	71	70	71	69	72

(1) Total number of volunteer police reserve officers

(2) Total number of on-call volunteer fire fighters

(3) Three full-time employees from June to August

* Starting in 2013, the City contracts for its police services. Information is not available for police functions starting in 2013

Source: City of Mound

City of Mound, Minnesota
 Statistical Section (Unaudited)
 Operating Indicators by Function
 Last Ten Fiscal Years

Table 17

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Police calls	10,343	14,853	19,432	3,302	*	*	*	*	*	*
Physical arrests	659	503	663	283	*	*	*	*	*	*
Parking violations	235	228	349	210	*	*	*	*	*	*
Traffic violations	1,133	1,598	1,520	657	*	*	*	*	*	*
Fire										
Fire calls	551	577	615	554	558	525	550	588	596	602
Elections										
Registered voters last election	7,167	6,061	6,061	6,014	6,014	6,100	6,100	6,195	6,195	6,213
Number of votes cast last election	5,740	4,047	4,047	5,681	5,681	3,893	3,893	5,661	5,661	4,961
Percentage of registered voters voting	80.09%	66.77%	66.77%	94.46%	94.46%	63.82%	63.82%	91.38%	91.38%	79.85%
Building/Engineering										
Permits issued	302	538	419	314	199	350	380	439	224	444
Value of permits issued (in millions)	\$ 4,748,360	\$ 7,264,815	\$ 8,053,468	\$ 8,162,212	\$ 10,410,249	\$ 8,818,474	\$ 17,860,182	\$ 22,119,768	\$ 28,034,913	\$ 9,829,004
Water										
Consumers	3,724	3,697	3,694	3,741	3,705	3,778	3,727	3,735	3,780	3,765
New connections	-	-	1	4	17	9	20	27	10	19
Water mains breaks	14	5	7	4	14	13	13	4	8	4
Average daily consumption (thousands of gallons)	758	673	644	720	655	612	612	569	586	576
Maximum daily capacity (thousands of gallons)	2,200	2,200	2,200	2,200	2,200	2,200	4,320	4,320	4,320	4,320
User charge per thousand gallons	\$ 3.05	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.77	\$ 3.85	\$ 4.18	\$ 4.54	\$ 4.92	\$ 4.92
Sewer										
Average daily treatment flow (thousands of gallons)	783	882	1,106	773	789	1,012	1,012	1,012	1,121	1,022
User charge per thousand gallons	\$ 3.83	\$ 3.87	\$ 3.87	\$ 4.16	\$ 4.41	\$ 4.85	\$ 5.31	\$ 5.81	\$ 6.36	\$ 6.75

* Starting in 2013, the City contracts for its police services. Information is not available for police functions starting in 2013.

Source: City of Mound

City of Mound, Minnesota
 Statistical Section (Unaudited)
 Capital Asset Statistics by Function
 Last Ten Fiscal Years (1)

Table 18

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police										
Stations	1	1	1	1	*	*	*	*	*	*
Patrol units	5	7	7	7	*	*	*	*	*	*
Unmarked Patrol Units	-	5	5	5	*	*	*	*	*	*
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Highways and streets										
Streets (miles)	41	41	41	41	41	41	41	41	41	41
Streets rehabilitated	3.93	-	3	3.00	2.80	0.65	4.00	1.50	-	1.3
Sidewalks (miles)	11	11	11	11	11	11	11	11	11	11
Street lights	540	540	540	540	540	541	541	541	541	541
Traffic signals	2	2	2	2	2	2	2	2	2	2
Culture and Recreation										
Parks division										
Parks	31	31	33	33	33	33	33	33	33	33
Parks acreage	44	44	45	45	45	45	45	45	45	45
Basketball courts	2	2	2	2	2	2	2	2	2	2
Softball diamonds	6	6	6	6	6	6	6	6	6	6
Swimming areas	5	5	5	5	5	5	5	5	5	5
Tennis courts	3	3	3	3	3	3	3	3	3	3
Volleyball courts	1	1	1	1	1	1	1	1	1	1
Utilities										
Water										
Miles of water main	45	45	45	45	45	45	45	45	46	46
Miles of water main rehabilitated	-	-	-	0.66	0.50	0.86	3.50	0.84	-	1.2
Fire hydrants	411	411	411	411	414	414	415	416	420	420
Sewer										
Miles of sanitary sewer	60	60	60	60	60	60	60	60	60	60
Miles of sanitary sewer rehabilitated	-	-	-	0.25	0.30	0.30	1.25	0.37	0.54	0.89
Lift stations	31	30	31	31	30	30	30	30	30	30
Storm sewer										
Miles of storm sewer	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8
Parking System										
Off-street parking										
Off street lots	5	5	5	5	5	5	5	5	5	5
Off street leased spaces	2	2	2	2	2	2	2	2	2	2

(1) Table added for 2006 and will be updated on a go-forward basis

* Starting in 2013, the City contracts for its police services. Information is not available for police functions starting in 2013.

Source: City of Mound

Note: No capital asset indicators are available for the general government function.

OTHER FINANCIAL INFORMATION (UNAUDITED)

CITY OF MOUND
MOUND, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2018

City of Mound, Minnesota
 Capital Assets Used in the Operation of Governmental Funds
 Comparative Schedules by Source
 December 31, 2018 and 2017

Exhibit H-1

	2018	2017
Governmental Funds Capital Assets		
Land	\$ 198,365	\$ 198,365
Buildings and structures	11,949,272	11,901,307
Improvements other than buildings	1,915,321	1,864,116
Furniture and equipment	4,768,543	4,464,671
Infrastructure	27,194,930	27,194,930
Construction in progress	3,142,617	2,465,228
Total Governmental Funds Capital Assets	\$ 49,169,048	\$ 48,088,617
Investments in Governmental Funds Capital Assets by Source		
General and special revenue funds	\$ 18,831,501	\$ 18,564,112
Capital projects funds	30,337,547	29,524,505
Total Investments in Governmental Funds Capital Assets by Source	\$ 49,169,048	\$ 48,088,617

City of Mound, Minnesota
 Capital Assets Used in the Operation of Governmental Funds
 Schedule by Function
 December 31, 2018

Exhibit H-2

	<u>Total</u>	<u>Land</u>	<u>Buildings and Structures</u>	<u>Improvements Other Than Buildings</u>	<u>Furniture and Equipment</u>	<u>Infrastructure</u>
Governmental Capital Assets						
General government	\$ 900,579	\$ 159,365	\$ 389,685	\$ 193,139	\$ 158,390	\$ -
Public safety	7,983,320	-	5,918,190	-	2,065,130	-
Public works	35,541,690	-	5,602,904	1,075,556	1,668,300	27,194,930
Culture and recreation	<u>1,600,842</u>	<u>39,000</u>	<u>38,493</u>	<u>646,626</u>	<u>876,723</u>	<u>-</u>
 Total Governmental Capital Assets	 <u>\$ 46,026,431</u>	 <u>\$ 198,365</u>	 <u>\$ 11,949,272</u>	 <u>\$ 1,915,321</u>	 <u>\$ 4,768,543</u>	 <u>\$ 27,194,930</u>

City of Mound, Minnesota
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function
 For the Year Ended December 31, 2018

Exhibit H-3

	Governmental Capital Assets January 1	Additions	Deductions	Governmental Capital Assets December 31
Governmental Capital Assets				
General government	\$ 801,409	\$ 99,170	\$ -	\$ 900,579
Public safety	7,916,787	73,063	6,530	7,983,320
Public works	35,326,797	214,893	-	35,541,690
Culture and recreation	1,578,396	76,841	54,395	1,600,842
 Total Governmental Capital Assets	 <u>\$ 45,623,389</u>	 <u>\$ 463,967</u>	 <u>\$ 60,925</u>	 <u>\$ 46,026,431</u>

City of Mound, Minnesota
Schedule of Sources and Uses of Public Funds
For Redevelopment Tax Increment Financing District No. 1-3
For the Year Ended December 31, 2018

Exhibit I-1

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Source of Funds				
Tax increment revenue	\$ 35,000,000	\$ 1,853,881	\$ 106,419	\$ 33,039,700
Interest on invested funds	-	211,541	-	(211,541)
Proceeds from sale of bonds	-	11,896,359	1,920,000	(13,816,359)
State contributions	-	2,020,017	-	(2,020,017)
Other	-	40,575	-	(40,575)
Transfer in	-	201,427	998,573	(1,200,000)
Premium on bonds issued	-	-	89,781	(89,781)
Total Source of Funds	<u>35,000,000</u>	<u>16,223,800</u>	<u>3,114,773</u>	<u>15,661,427</u>
Use of Funds				
Land acquisition	7,000,000	1,762,430	-	5,237,570
Site improvements	7,000,000	3,666,436	99	3,333,465
Public utilities	1,000,000	-	-	1,000,000
Parking facilities	500,000	-	-	500,000
Streets and sidewalks	500,000	-	-	500,000
Other public improvements	4,000,000	61,331	50,973	3,887,696
Interest	13,385,405	-	-	13,385,405
Loan payments				
Principal	-	8,580,000	170,000	(8,750,000)
Interest and other	-	1,927,781	165,341	(2,093,122)
Total Use of Funds	<u>33,385,405</u>	<u>15,997,978</u>	<u>386,413</u>	<u>17,001,014</u>
Funds Remaining	<u>\$ 1,614,595</u>	<u>\$ 225,822</u>	<u>\$ 2,728,360</u>	<u>\$ (1,339,587)</u>